

USAID/PVC Matching Grant Evaluation Series:

PROMOTING SUSTAINABLE RURAL GROWTH

Matching Grant FAO-0158-A-00-6045-00 between

TechnoServe, Inc. and USAID/PVC

July 2002

Conducted under USAID/ Evaluation Indefinite Quantity Contract # AEP-I-00-00-00024-00, TO #2

Evaluation team members:

Steven Londner, TechnoServe

Jeffrey Ashe, MSI, Team Leader

Leslie Zucker, MSI

Evaluation of “Promoting Sustainable Rural Growth”
Matching Grant *FAO-0158-A-00-6045-00* between
TechnoServe and USAID/PVC

TABLE OF CONTENTS

List of Acronyms Used.....	iii
Evaluation Identification Sheet.....	iv
1.0 Executive Summary.....	1
1.1 Overview	1
1.2 Key findings, conclusions and recommendations	1
1.3 Acknowledgements	5
2.0 Evaluation Methodology and Team Composition.....	5
3.0 Matching Grant Background.....	6
3.1 Historical & technical context and partners.....	6
3.2 Project goal, objectives, and major hypotheses to be tested	9
4.0 Purpose of the Evaluation.....	11
5.0 PROGRAM IMPLEMENTATION AND EVALUATION QUESTIONS.....	12
5.1 The Detailed Implementation Plan	12
5.1.1 DIP completion and DIP accuracy*	12
5.1.2 Quality of DIP and degree of success in implementation*.....	12
5.1.3 Familiarity with DIP and design*	16
5.1.4 Major successes and shortfalls in implementation.....	16
5.1.5 Impact Results*	22
5.2 Assessment of project model and hypotheses.....	23
5.2.1 Project hypotheses articulated in CA	23
5.2.2 Replication and scale-up of approaches in project area or elsewhere:.....	24
5.3 Advocacy under the project	25
5.3.1 Advocacy activities and impact*	25
5.3.2 Partner/PVO roles in advocacy*	26
6.0 Partnership Questions.....	27
6.1 Analysis of Partnership Schemes.....	27
6.2 Measuring Institutional Capacity.....	27
6.3 Constraints to Partnership	27
6.4 Information Technology.....	27
6.5 Use of Local Networks and Service Organizations.....	28
7.0 Program Management*	28
7.1 Strategic Approach and Program Planning*	28

7.2 Country Initiatives*	28
7.3 Conflict Management*	30
7.4 Monitoring and Evaluation*	30
7.5 Overall Management*	31
7.6 Sustainability*	31
7.6.1 Overall Sustainability survey.....	31
7.7 Financial Management	32
7.7.1 Effectiveness of Financial Management	32
7.7.2 Leveraging Other Donor funds.....	33
7.7.3 Cost-Effectiveness of Technical Approach	33
7.7.4 Repercussions of “Matching” Requirement on Program.....	34
7.8 PVO’s Information Management*	34
7.9 Logistics	34
7.10 Project Supervision*	35
8.0 Conclusions and Recommendations*	35

LIST OF ACRONYMS USED

BHR	Bureau of Humanitarian Relief
LNGO	Local non-governmental organization
NGO	Non-governmental organization
PVC	Private Voluntary Cooperation
PVO	Private Voluntary Organization (usually U.S.)
USAID	United States Agency for International Development
MG	Matching Grant
TNS	TechnoServe
CBE	Community Based Enterprise
CBO	Community Based Organization
DIP	Detailed Implementation Plan
LOP	Life of Project
HPI	Heifer Project International
MFI	Microfinance Institution

EVALUATION IDENTIFICATION SHEET

PVO name	TechnoServe
Matching Grant Title	Promoting Sustainable Rural Growth
Cooperative agreement number	FAO-0158-A-00-6045-00
Amount of Grant	\$4,000,000
Period of Grant	1996-2001
Any (cost/no cost) extensions?	No
Current status of MG	Completed
USAID/PVC Grant Officer (s)	Martin Hewitt
Technical area of grant	Rural Markets
Date of the evaluation	November 2001 to February, 2002
Countries of program activity	Initially, Nicaragua, El Salvador, Peru, Ghana, and Tanzania. In December 1997, the Panama program was approved for inclusion. Later, when the Panama program was closed, the Kenya program was added.
Country programs evaluated	Nicaragua, Kenya. TechnoServe headquarters in Norwalk Connecticut and its office in Washington DC
Evaluation Team Members (organization)	Steven Londner, TechnoServe Jeffrey Ashe, MSI Team Leader Leslie Zucker, MSI

**Evaluation of “Promoting Sustainable Rural Growth”
Matching Grant FAO-0158-A-00-6045-00 between
TechnoServe and USAID/PVC**

1.0 EXECUTIVE SUMMARY

1.1 Overview

Since its establishment in 1968, TechnoServe (TNS) has focused on assisting entrepreneurial men and women in poor rural areas of the developing world create and grow businesses, thereby creating jobs, raising family incomes and generating economic growth for their communities and countries.

TechnoServe’s 1996-2001 program, *Promoting Sustainable Rural Growth*, was a five-year, \$8,000,000 effort supported by a \$4,000,000 Matching Grant (MG) from the U.S Agency for International Development’s Bureau for Humanitarian Response, Office of Private and Voluntary Cooperation (AID/BHR/PVC). The MG was intended to help TechnoServe “strengthen and expand [its] development ‘toolkit’ ... [enabling it to offer] ... the most effective mix of skills and knowledge possible...” to promote sustainable rural growth.

TechnoServe’s Matching Grant was designed to substantially expand and perfect the model that TechnoServe had promoted since the early 1970’s, providing training and support to groups of small farmers (called Community Based Enterprises [CBEs] by TechnoServe) that collectively processed and marketed what the members produced. The goal, as stated in the Detailed Implementation Plan, was to “*build institutional capacity to promote equitable rural growth and provide sustainable services to the rural poor.*” Initially the Grant was available for use in five countries: Nicaragua, El Salvador, Peru, Ghana, and Tanzania. In December 1997, the Panama program was approved for inclusion. Later, when the Panama program was closed, the Kenya program was added.

The Matching Grant had three objectives:

1. Expanded programs of technical assistance to community based organizations and enterprises based on improved assistance capabilities and methods
2. Improved institution building capacity via rigorous and research-based approach to developing local capacity of NGOs and other private and public institutions
3. Development of a stronger and more field-oriented TechnoServe by building technical and management/planning capacity at both corporate and field levels.

1.2 Key findings, conclusions and recommendations

The Matching Grant was intended to exponentially increase the number of CBEs and beneficiaries; develop the capacity of 50 NGOs and other institutions; and diversify TechnoServe’s funding base. The outcome by the end of the Grant was quite different. TechnoServe almost entirely abandoned the objective of building NGO and institutional capacity while its dependency on Government funding increased rather than decreased. This is because TechnoServe implemented a new strategy in 1999, which redirected the use of grant funds. TechnoServe effectively used the majority of Matching Grant

resources to introduce a new organizational model. Thus, in addition to offering support for field-level project activities, and training and development for TechnoServe staff, the Matching Grant Program has supported a far-reaching corporate strategic review and planning effort and continues to support its implementation. This new strategy, already well advanced in its implementation, resulted in major changes in TechnoServe's matching grant in terms of client selection, assistance methodology, staffing composition and partner relationships. At the time, PVC and TechnoServe agreed that no formal amendment to the Grant or to the Detailed Implementation Plan was necessary -- the third annual report was intended to translate and adapt the original goals of the Matching Grant to fit within TechnoServe's new strategy.

In this respect, TechnoServe has accomplished much over this five-year period. It developed and implemented a new strategy for rural development that could represent an important breakthrough for rural development. This required retraining its current staff and hiring new staff that had a cohesive vision of the new methodology; decentralizing the planning and decision making to the country projects to build in the necessary agility that this new methodology required; developing many new enterprises whose potential is just now beginning to be realized; and adopting a set of core indicators that measure the progress of these enterprises in business terms.

When the original DIP was prepared TechnoServe still operated under its old approach, the *Community Based Enterprise* model and the projected LOP target levels of the indicator measures reflected this, as did the Matching Grant performance data up to and including December of 1998, which showed significant early progress towards the original LOP targets. For instance, the first objective was well on its way to being met by December 1998, halfway through the Matching Grant. At that time TechnoServe and its partners were providing assistance to 346 CBEs (46 more than contemplated) with 176,028 direct beneficiaries. This was fifty four percent of the objective set in the Detailed Implementation Plan. Looking at the results by country, by December 1998:

- Ghana had exceeded its target by 102 CBEs;
- Nicaragua and Peru had reached their targets for CBEs;
- Tanzania and Peru had reached half of their CBE targets.

The second objective was to improve the capacity of local NGOs and other private/public institutions that support rural growth by developing the capacity of 50 clients by the end of the Matching Grant. These fifty organizations would have proper governance and management systems as well as business plans and impact measurement systems. By December 1998, TechnoServe was already working with 28 institutions, a substantial increase from the 12 it was assisting at the beginning of the grant, and had reached 85% of the objective set for institution building that year.

By the end of the Matching Grant (August 31, 2001), however, the combined number of client businesses and CBEs had declined to 164 (with 113 of these in Ghana) and the number of beneficiaries was only 11,928. Also, by this date TechnoServe no longer provided NGOs and institutional capacity building services.

These outcomes must be placed within the context of the wholesale change in TechnoServe's strategy that occurred half way through the grant. There are several factors that help explain the decline in these statistics:

- Most of the enterprises visited by the team in Nicaragua and Kenya developed under the new strategy were not yet operational or were in their early start-up phase so their sales, profit, employment, and beneficiary numbers were low or non-existent.

- Many of the enterprises are, or will soon be, substantially larger than the CBEs TechnoServe had traditionally assisted.
- In Nicaragua (and perhaps elsewhere) enterprises currently assisted by TechnoServe are made up of smaller CBEs, thereby accounting for some in the decline in enterprises being served.
- Many of the CBEs TechnoServe had worked with previously are likely to still be in operation, although TNS no longer collects information on these enterprises and does not report their performance.

Furthermore, some of the sharp decline in beneficiaries can be explained by the change in the definition “direct beneficiary”. The revised definition includes only the full time workers at the processing facilities and each farmer that sends its produce to the processing plant, or is a member of the cooperative, is counted as a single beneficiary. The families and the part-time and seasonal workers and their families and the workers’ families are no longer counted. Assuming the old definition was being used, the number of direct beneficiaries would currently range between 80,000 and 100,000.

Regarding the third MG objective, however, TechnoServe is, and will likely remain, largely dependent on public and private grant funding. In recent years TechnoServe’s dependence on US Government funding has increased (from 48% to 70% over the matching grant period), although concurrent major investments in private fund-raising appear to be starting to pay off. Furthermore, only 1% of TechnoServe’s budget is derived from fees paid by clients for the technical assistance they receive -- and it seems unlikely that user fees will account for an appreciable part of the budget at least in the medium term.

TechnoServe’s new strategy is the product of a formal facilitated strategic planning process driven by TechnoServe’s frustration with the stagnant growth of the world’s poorest countries over the past thirty years. Recognizing limitations of its previous approach, TechnoServe came to embrace a strategy that can be summarized as: *supporting marketing and production channels for high quality, value-added (niche) products that link small and medium farmers to regional, national and international markets.* This strategy, it was reasoned, would bring substantial new income to poor communities and develop local capacity or, in TechnoServe’s terms, “eradicate poverty” instead of merely “alleviating” it. By increasing the capacity of small and medium scale farmers to compete in regional and global markets by connecting them to modern processing and marketing enterprises. TechnoServe would be offering producers new options and opportunities while offering markets an alternative to sourcing these high-value-added goods from large-scale plantations.

The task TechnoServe has set for itself under this new model is not an easy one. The high value market niches that TechnoServe identifies are also being identified by large-scale producers who are unconcerned with TechnoServe’s smallholder agenda. Furthermore, the market for fair traded and organic products that make up much of TechnoServe’s portfolio, while growing quickly, is small compared to mass traded commodities and can easily be oversubscribed. Securing contracts for these products requires a high level of skills, a tough negotiating stance and good connections. How successful TechnoServe will be in securing these markets, organizing the production to fulfill the contracts and holding onto markets over time, in the face of the unpredictability of both the weather and often volatile local politics in the countries where it works, will become clearer over the next several years.

The evaluators feel that if any organization can carry out this demanding undertaking it is probably TechnoServe. Matching Grant resources have been well used to develop the organizational culture and capacity TechnoServe required to implement this new model. Over these five years TechnoServe has:

- Successfully transferred and transformed its leadership;
- Significantly changed its programmatic focus;
- Changed the predominant type of organization it supports;
- Retrained its existing staff where possible and hired new staff;
- Greatly increased the interaction, learning and collaboration among TechnoServe staff between countries;
- Largely decentralized the national level planning process to the country offices, with major inputs from the regional and headquarters staff;
- Developed a simplified set of “core indicators” to track the progress made by the enterprises assisted;
- Began to charge management fees to at least some enterprises and built the organization’s capacity to raise funds and to diversify the sources of funding; and
- Added Board members who advise the organization on its market-led strategy and who can also help link producers to markets.

Although it is still too early to judge if this new approach can “eradicate poverty” on a sufficient scale to justify the costs, the evaluation team has high hopes based in part on the exemplary level of commitment and teamwork observed among the staff in Nicaragua and Kenya and at headquarters during the fieldwork. This teamwork flows from the organization’s deep sense of common purpose and mission, its investments in intensive training and its care in developing a logically consistent organizational perspective with attention given to all the relevant components of the structure. A subsequent evaluation may conclude that TechnoServe’s most valuable role may be as a highly innovative and entrepreneurial organization that identifies and demonstrates the financial feasibility of new products and markets of benefit to low-income rural populations. Once TechnoServe has helped create a new market and shows that it can be profitable, private enterprises and others may copy its ground breaking work. In this regard it may prove that TechnoServe may best be described more as a research and development organization than as a direct service provider. All the pieces are now in place to prove the validity of the new model.

Recommendations

The team, after carefully considering its observations in Nicaragua and Kenya and through its discussions with the regional and national staff developed this set of recommendations for TechnoServe:

1. Develop an ancillary monitoring tool to provide a more rounded picture of the enterprises that it has helped launch, the value of their sales and the number of producers associated with these enterprises. While TechnoServe does a good job of measuring the performance of the enterprises it is currently assisting, it has little information of the performance of the enterprises it no longer assists, or the performance of the competitors that have adopted TechnoServe’s pioneering work. TechnoServe’s impact may be substantially greater than its monitoring data indicate. Developing this capacity is especially important if TechnoServe is seen more as a research and development organization that identifies markets and develops local capacity than as a profitable venture in its own right.
2. Undertake studies of a small number of representative activities to measure impact at the producer level. TechnoServe speaks of its objective of “eradicating poverty” but is poverty – however that is defined – actually being eradicated?
3. Explore the possibility of creating a separate corporation to generate a source of income for itself. It appears unlikely that technical assistance fees will cover an important part of TechnoServe’s costs, but investments in a carefully targeted subset of enterprises where TechnoServe would receive a share of the profits could underwrite its research and development activities. The

challenge will be to insulate TechnoServe's development activities from the possible failure of the enterprises it finances and to not jeopardize TechnoServe's development mission.

4. Keep its work focused on activities that have the greatest potential to test its new model and not use scarce resources to invest in activities tangentially related to its key mission.

1.3 Acknowledgements

The external evaluators, Jeffrey Ashe and Leslie Zucker, would like to recognize the efforts of the internal evaluator Steve Londner who, as a TechnoServe employee, provided us the invaluable insider's perspective on what we were observing. Steve's openness and thoughtfulness was mirrored by the many staff that we relentlessly questioned at the TechnoServe offices and on the long drives across Nicaragua and Kenya as we visited the enterprises in the field.

The headquarters staff in Norwalk was equally open and thoughtful and their curiosity and desire to learn is an important reason why TechnoServe is an important innovator in the difficult field of rural development. A special thanks to TechnoServe's CEO, Peter Reiling and to the Regional Director for Latin America, Luis Chavez, and for Africa, Oren Whyche-Shaw. Our thanks too for those we interviewed by phone including Board Chair, Paul Tierny, and Steve Harris TechnoServe's Market Linkage Specialist, who provides marketing and post-harvest handling and processing advice to all TechnoServe's programs. Stace Lindsay whose book *Plowing the Sea* has provided important guidance for the new direction TechnoServe has taken was interviewed at his Cambridge office.

In addition, we'd like to thank the staff of the Nicaragua and Kenya offices, especially Augusto Zelaya, Ernest Van Panhuys, and Patrick Mugo Muraguri who accompanied us to remote villages to visit the enterprises, continually providing local context and a great sense of humor.

2.0 EVALUATION METHODOLOGY AND TEAM COMPOSITION

The evaluation team was made up of three members:

- Steve Londner, a long time TechnoServe employee who had taken a major role in the formulation of the Matching Grant proposal and in the annual reviews;
- Leslie Zucker, previously of ACCION International and co-founder of echange LLC, a technology and organizational development consulting firm.
- Jeffrey Ashe, the evaluation team leader, is a long time manager, designer and evaluator of microfinance initiatives and currently a Visiting Scholar at Brandeis University.

The team visited a wide range of TechnoServe enterprises in two countries, Nicaragua and Kenya. The planned visit to El Salvador was canceled due to security concerns following the events of September 11, 2001, although the Director of the El Salvador program, with a senior staff member, met the evaluators in Nicaragua. The visits to the field were complemented with interviews with the senior staff in Norwalk, Connecticut, the Africa Regional office in Washington DC, Stace Lindsay, the author of *Plowing the Sea*, and phone interviews with the Chairman of the Board, the Regional Director for Latin America, and Steve Harris, TechnoServe's Market Linkage Specialist.

In the field, the team interviewed a broad range of TechnoServe staff, visited client enterprises and partner organizations, and spoke with the leaders and owners of the businesses. Observations and conclusions were discussed at length on the road between field visits and over meals. The team also

reviewed TechnoServe Annual Reports, country plans, and numerous other documents and reports in each country.

Responsibilities for report writing were divided among the three team members, and draft versions were exchanged and commented on. TechnoServe, Management Systems International, the contractor for this study, and USAID/PVC reviewed this final report.

3.0 MATCHING GRANT BACKGROUND

3.1 Historical & technical context and partners

TechnoServe's mission is to help entrepreneurial men and women in poor rural areas of the developing world build businesses that create income, opportunity and economic growth for their families, communities and their countries. Founded in 1968, TechnoServe is a 501(c)(3) non-profit agency organized as a membership corporation in the state of New York. Its headquarters are in Norwalk, CT (30 staff). It has a program office in Washington, D.C. (six staff) and operates nine country programs in Latin America and Africa (international staff of 250). It also operates less intensive activities in several other countries.

TechnoServe focuses on providing technical advisory services and support to value-adding private sector businesses in a position to generate increased purchases from and employment for low-income rural families. Typically a TechnoServe country program works in a small number of agricultural industries (e.g. coffee, dairy, fresh vegetables, pulses, cashews, etc.) identified as having significant potential for growth and impact.

In late 1995 TechnoServe submitted to USAID its program "Promoting Sustainable Rural Growth," requesting Matching Grant funding of \$5 million towards this \$10 million program incorporating seven countries. In late 1996, a \$4 million grant was awarded towards an \$8 million program in five countries: Peru, El Salvador, Nicaragua, Ghana and Tanzania. Panama was added to the grant effective September 1997. After the Panama program was spun off as an independent affiliate, Kenya was added, effective September 2000. The Matching Grant Cooperative Agreement, FAO-0158-A-00-6045-00, was in effect from September 1, 1996 through August 31, 2001.

The program was developed at a time when implementing and donor agencies alike were focused on building capacity of local entities. TechnoServe, historically a direct implementing agency, sought to expand these capabilities and improve its skills as a facilitating agent in accord with the objectives of USAID's New Partnership Initiative to strengthen "...non-governmental actors to contribute to sustainable development; empowering small businesses and entrepreneurs to drive economic growth; and helping nations to foster democratic local governance."

TechnoServe, having benefited from a series of core matching and partnership grants from USAID/PVC, had a recent evaluation of its previous grant to help guide development of this proposal. The evaluation identified three basic areas for continued focus:

- Program related – A field-driven and structured program for experimentation and modernization based on core competencies; increased emphasis on staff development; development of institution-building methodology; and improved monitoring and evaluation systems.

- Fund-raising – Funding diversification and improved in-country program fund raising and local revenue generation;
- Institutional change – Responsive, team-based headquarters structure and culture; strengthened research, analytic, and self-learning functions in information management, policy and planning, and “critical mass;” improved field-based strategic and multi-year planning addressing issues of independence and autonomy.

This program was designed while TechnoServe was undergoing a key leadership transition, from its Founder, Edward Bullard, to Peter Reiling, the current President and CEO. While internal pressures for increased program experimentation and change were already building; this program design reflected the dominant sensibility that stability and constancy should guide the transition period. However the stage was set for change in the coming years.

The program proposal identified likely partners and candidates for institution-building efforts in each of the included country programs. No major programmatic partners were envisioned.

The evaluation team visited two TechnoServe countries, Nicaragua and Kenya. These two countries are briefly profiled below to provide a context for the analysis that follows.

Nicaragua:

Following the Sandanista revolution, TechnoServe reopened its office in Nicaragua in 1991. Early efforts focused on the settlement of ex-combatants, coffee and specialty export vegetables. Based on a thorough program review in 1999 and a new series of studies to identify those products and sectors poised for significant growth and having capacity to contribute to rural economic growth, TechnoServe’s activities are now focused on key product groups in the central and eastern regions that have greater population density and better infrastructure.

Of the 30,000 coffee producers in Nicaragua, 28,000 are small-scale farmers, responsible for roughly 25% of total coffee production. The industry is a significant source of employment, as it requires labor all year round, from pickers and sorters to equipment technicians and exporters. The coffee industry in Nicaragua is currently depressed due to historically low prices on the world market. Small-scale producers who rely solely on coffee for their income have been particularly hard hit: six years ago, the price of conventional coffee on the world market was \$1.60/lb.; today it is approximately \$0.50/lb.

TechnoServe’s work in the coffee sector is concentrated in the mountainous areas around Matagalpa, with elevations near or above 1500 meters. This altitude is essential to TechnoServe’s overall strategy of improving coffee quality as a means to improve farmer incomes – it is almost impossible to produce high quality arabica coffee at lower elevations.

The vast majority of Nicaragua's small-scale farmers operate at a subsistence level, growing low-value commodities like beans and basic grains to supply their own household needs, and selling any surplus produce. TechnoServe identified high-value vegetables that Nicaragua's small-scale farmers could grow year round - like green peppers, tomatoes, and yellow and white onions - staple ingredients in the Nicaraguan diet. TechnoServe developed relationships with Nicaraguan-based businesses that supply vegetables to both national and international supermarkets and food companies. They were very interested in finding a reliable source that could supply sufficient volumes of high-quality vegetables.

TechnoServe's horticultural program focuses on helping selected groups of small-scale farmers move into vegetable production. This requires that they invest in irrigation, learn new production techniques, obtain production financing and gain access to markets. From November of 1997 to October of 2000, TechnoServe worked with an association of seven cooperatives comprised of 700 small-scale farmers in the San Marcos Valley. This area, located in the Jinotega region of Nicaragua, is one of the poorest in the country.

Nicaragua's dairy industry – milk, cheese, cream, butter and yogurt – accounts for 5% of Nicaragua's gross domestic product. As the largest and second most populous country in Central America, Nicaragua has the advantage of having sufficient land and labor to be able to supply neighboring countries with dairy products. Nicaragua's milk production has risen steadily, from 181 million liters in 1995 to 225 million liters in 2000. Nationwide, there are 55,000 milk producers, most of whom are poor, small-scale dairy farmers. TechnoServe's dairy sector work is primarily in the lower elevations near Leon in the East, traditional rangelands where extensive grazing is practiced.

Kenya:

TechnoServe has been active in Kenya for almost thirty years. In those years it contributed to the development of a range of key sectors including cotton, arid lands ranching, savings and credit unions, small-scale dairy processing and rural water utilities. In recent years it has focused on the dairy industry and in business development services for microenterprise development.

The Kenyan dairy industry was thrown into chaos in the 1990s when the quasi-governmental Kenya Creameries Cooperative, the nation's largest milk processor, closed amid accusations of mismanagement. Rural dairy farmers were forced to dump their stocks of milk for lack of a local buyer, despite rising demand for milk from urban families. Many dairy farmers reduced their herds, to the detriment of the nation's milk supply.

Kenya's 600,000 small-scale dairy farmers and their rural communities are still in crisis. Milk producers in Kenya are typically one-person home enterprises, usually run by women. Per-capita incomes in rural areas average less than \$1 per day. Working with little technical knowledge or support, Kenya's small-scale dairy farmers get low yields from their herds. About 10% of the milk they do get is lost to spoilage and waste caused by bad roads and lack of refrigeration.

TechnoServe has two parallel approaches to its dairy work. Food security is the primary focus in the arid coastal areas where long distances, poor infrastructure and low population densities make a commercial orientation difficult. In the central highlands, with better production conditions and access to markets, TechnoServe focuses on developing commercial bulking and chilling plants to supply milk from the poorer more remote areas to major industrial buyers. TechnoServe's work in the dairy sector is done in partnership with a range of agencies, including Winrock International, Heifer Project International and American Breeders Services.

TechnoServe/Kenya's work in microenterprise began in 1996 under USAID's MICROPED project. Under MICROPED TechnoServe, in partnership with the Federation of Kenya Employers, created urban Business Development Centers in Nairobi and the secondary cities Meru and Nakuru. Through these centers TechnoServe created the innovative private sector-based program that the team visited.

Also, since 1993 TechnoServe/Kenya has also been the major implementing agent for the Regional Trade Analytic Agenda program of USAID/REDSO/ESA, coordinating a long series of studies intended to identify opportunities and help reduce barriers to improved regional trade.

3.2 Project goal, objectives, and major hypotheses to be tested

The goals and three principal objectives agreed to in the Detailed Implementation Plan are listed in the table 3.2. However, the fact that TechnoServe changed its strategy midway through the Grant, from exponentially expanding the number of CBEs and beneficiaries to developing a model based on finding niche markets for high value products, significantly changed how TechnoServe used its Matching Grant resources.

Table 3.2: *Project Hierarchy of objectives*

Goal:	The goal of the proposed MG program paralleled TechnoServe's own mission: "building local capacity to promote rural economic growth – empowering the rural poor in Latin America and Africa to achieve sustainable economic and social improvements in their lives through a process of enterprise development."
Objective 1:	Expanded programs of technical assistance to community-based organizations and enterprises based on improved assistance capabilities and methods.
Objective 2:	Improved institution building capacity via a rigorous and research-based approach to developing local capacity of NGOs and other private and public institutions.
Objective 3:	Development of a stronger and more field-oriented TechnoServe by building technical and management/planning capacity at both corporate and field levels.

TechnoServe's New Model

TechnoServe had previously focused its efforts on basic agricultural production and local market access, and while much had been accomplished, the quickly evolving global economy demanded a more competitive approach. It was also evident that while NGOs and other TechnoServe partner organizations were building significant capacity in grassroots farmer organizations, they lacked the technical expertise and the entrepreneurial orientation necessary to substantially move the model forward. For two decades TechnoServe's staff had trained Community Based Enterprises in cooperative management and production, but, while the lives of the members had improved, what they earned from the low value added commodities they produced and sold was insufficient to substantially improve their standard of living or lead to a virtuous cycle of rural economic growth. Technoserve staff felt that this stagnation was an indication of the limitations of traditional development approaches – such as microfinance, standard rural development efforts and even the model TNS had pursued itself – that lead to only marginal improvements in the livelihood of the poor.

For these reasons, TechnoServe adopted a new strategy in 1999. The new CEO felt that TechnoServe could help point the way to an economic development strategy that could "eliminate poverty" and not just "alleviate" it based on helping small farmers substantially increase their incomes by gaining access to profitable markets. Given the overall goal of broad-based rural economic growth, TechnoServe starts by identifying a profitable market and then works backward to create the necessary conditions for small and medium farmers to successfully access that market. Many other programs, regardless of their rhetoric, start from the production end with only a vague sense of the market and are often not able to find an outlet for the products produced.

TechnoServe refocused most of its efforts on a limited number of larger cooperative businesses (that TechnoServe often had a major role in creating and supporting) and private businesses. It chose to do this rather than invest its resources in creating large numbers of new Community Based Enterprises (CBEs)

and building the capacity of local institutions to serve these groups. The orientation of TechnoServe thus moved away from the first two objectives of the matching grant – *increasing the number of CBEs and beneficiaries*, and providing *capacity building services to NGOs and local institutions*. The third Matching Grant objective of strengthening TechnoServe as an institution remained unchanged, and in fact proved very valuable in assisting in the strategic shift.

The new TechnoServe model is based on two principles:

- Identifying markets for high-value goods that can be produced by small holders.
- Working with private enterprises including cooperative businesses to meet these market opportunities by 1) linking them with the markets 2) helping them access sources of capital, technology and skills, 3) helping them organize dependable supply from small holder producers.

TechnoServe's new strategy was influenced by the planning facilitator Stace Lindsay, whose book, *Plowing the Sea*, served as a source of inspiration for the TechnoServe staff and Board. *Plowing the Sea* uses case studies to demonstrate how poor countries can compete in changing international markets, such as flowers and leather products in Colombia, rice production Bolivia, and Alpaca production in Peru. *Plowing the Sea* made it clear that TechnoServe's CBEs did not have the contacts, technology and organizational sophistication necessary to compete at this level. While CBEs produced and sold locally traded commodities such as palm oil, rice and beans and standard grade coffee and other products to exporters, they lacked the skills and knowledge required to link products to more profitable markets.

TechnoServe's response, its market-driven strategy, represents a significant innovation for rural development. TechnoServe now seeks to increase the capacity of small and medium scale farmers to compete in regional and global markets by connecting them to modern processing and marketing enterprises. TechnoServe thus offers to major markets an alternative to sourcing from large-scale plantation agriculture.

The differences between TechnoServe's new strategy and the Community Based Enterprise model are summarized in the table below:

	Old TechnoServe (community based enterprises)	New TechnoServe (linking to markets)
The Rural Poor	<p>Work with TNS in formal and informal groups</p> <p>Fully own and operate all TNS-assisted enterprises</p>	<p>Work with TNS in formal groups only</p> <p>Fully own and operate businesses, or are joint shareholders with others, or are employees of assisted businesses, or are suppliers of assisted businesses, or use assisted businesses to add value to their produce</p>
Techno-Serve	<p>Focus on agricultural businesses</p> <p>Heavy focus on technical assistance – especially agronomy</p> <p>Predisposition to cooperatives</p> <p>Focus on commodity products</p>	<p>Focus on any businesses that will create rural economic growth</p> <p>Focus on building businesses – technical assistance plus assistance in market information, strategy and linkages, financial linkages, quality control, distribution</p> <p>Preference for participation of the poor in business ownership</p> <p>Focus on high value products</p>

	Old TechnoServe (community based enterprises)	New TechnoServe (linking to markets)
	Lead off assistance with group formation, bylaws, books of accounts Production selection without systematic reference to overall markets Staff mostly agronomists, accountants or general business specialists.	Lead off assistance with identification of market opportunity Product selection based on systematic local and global market research Majority of the staff are business specialists with experience in the private sector
Clients	Formal and informal farmer groups NGOs Ministries of Cooperatives, Agriculture, Social Welfare	Visionary entrepreneurs Local agribusinesses formally organized farmer groups NGOs that can contribute to economic growth, i.e. trade associations Ministries of Trade, Finance, Industry, Agriculture
Partners	Governments and NGOs	Local and international agribusinesses Consulting firms Formal and informal financial institutions Development venture capital funds Fair trade organizations Technically-oriented NGOs Governments

4.0 PURPOSE OF THE EVALUATION

This evaluation is intended to:

1. Fulfill the requirements and needs of USAID/BHR/PVC and its Matching Grant Division, and
2. Assist TechnoServe in assessing its performance under this MG and in improving the implementation of its strategic plan, towards efficient and cost-effective service delivery and mission achievement.

PVC will use the information collected in this evaluation to assess how well this MG is meeting its objectives *and the management effectiveness of the project*; to determine patterns and emerging issues across all MG funded programs; to determine technical support needs for grantees; to shape new RFAs and review any follow-on proposals; to develop internal and external documents that demonstrate the effectiveness of the MG program, and to share lessons learned with the entire PVO community. PVC will use the information gathered in its annual Results Report and in USAID's annual report to Congress.

TechnoServe will use the evaluation results to assess its fulfillment of grant obligations, look at the progress to date in implementing its new strategy and help it plan for the future. The results will also be used to inform the development of the Detailed Implementation Plan (DIP) for TechnoServe's new MG.

Accordingly, this evaluation will:

1. Identify and assess the ways that PVC funding and MG resources have been used in support of the overall program goal, i.e. "to build local capacity to promote rural economic growth --

empowering the rural poor in Latin America and Africa to achieve sustainable economic and social improvements in their lives through a process of enterprise development” (Matching Grant Agreement, 9/96);

2. Review and assess achievements against specific MG program objectives and targets;
3. Review and assess progress to date in strategic plan implementation; and
4. Make recommendations for the future.

5.0 PROGRAM IMPLEMENTATION AND EVALUATION QUESTIONS

5.1 The Detailed Implementation Plan

5.1.1 DIP completion and DIP accuracy*

The DIP was filled out completely and accurately at the time of its submission. Nonetheless, due to the change in TechnoServe’s strategy, the DIP became outdated. Based on discussions with PVC, no new or revised DIP was written. This limits the validity of the DIP as a benchmark measure for use in this evaluation. The original DIP appears in Annex B and was described in detail above.

When the DIP was prepared TechnoServe still operated under the Community Based Enterprise model and the projected LOP target levels of the indicator measures reflected this, as did the performance data for December of 1998, which showed significant early progress towards LOP targets. However, the definitions were significantly altered by June of 2000 in keeping with the shift in the concepts underlying the new strategy. This shift also affected program objectives and targets resulting in the reported numbers being only a small portion of the original DIP targets. The numbers reported for these revised indicators must be properly understood.

Under the new strategy, not only is the average size of current client enterprises considerably larger than traditional CBEs, sometimes several CBEs were rolled together in a single enterprise. In Nicaragua, for example, five coffee producing CBEs were reorganized into a single cooperative and four vegetable growing CBEs were also joined into a single enterprise. While in Nicaragua the evaluation team worked with TechnoServe staff to create a flow chart detailing the continuity of some clients from the old approach to the new, the termination of some, and the emergence of others. The result of this exercise was a sense that the Nicaragua program was essentially meeting the spirit of the target expectations of the DIP.

5.1.2 Quality of DIP and degree of success in implementation*

DIP goals and objectives were presented in table 3.2. The progress made towards fulfilling each of the Matching Grant’s 17 sub-objectives is briefly described below.

Activities for Objective 1: Expanded programs of technical assistance to community based organizations and enterprises based on improved assistance capabilities and methods.

- a. Increase economic impact by working through 300 CBEs with 328,500 “direct beneficiaries.” Generate new jobs; increase community investment; increase enterprise and family income.**

By the end of the grant TechnoServe was working with 21 businesses in Latin America with 3,770 beneficiaries and 135 businesses in Africa (with 113 of the businesses in Ghana) with 8,158 beneficiaries. Much of the discrepancy in the number of enterprises can be accounted for by the change in TechnoServe's strategy and the different way it now counts clients. Many of the businesses are now or have the potential to be much larger than the traditional CBEs. In Kenya, for example, a single milk producing cooperative has 2,000 members whereas a typical CBE might have 30 to 100 small farmer members. In Nicaragua two of the enterprises TechnoServe is currently assisting are made up of nine smaller CBEs. Some of the difference in the number of beneficiaries is also accounted for by the change definition of who is a direct beneficiary. Part-time and seasonal employees and the families of the members and the workers are no longer counted. Using the old definition the number of direct beneficiaries would range between 80,000 and 100,000.

Members of many of the businesses organized as cooperatives had made contributions to a fund to purchase the processing equipment related to their businesses. While TechnoServe does not always collect baseline data, it seems clear that the incomes of its assisted small farmer suppliers usually rise significantly.

b. Increase social impact in terms of improved food availability, gender balance in ownership and employment and the increased adoption of environmentally sound practices:

Information on food availability was not collected for the evaluation, but can be inferred. In Nicaragua those who are now members of CBEs were soldiers during the war and had reverted to banditry before TechnoServe organized them. Many participating in vegetable producing CBEs have improved their homes and purchased land. In Sirongeroi in Kenya an entire cluster of restaurants, hardware stores and butcher shops has emerged to serve the needs of the now more prosperous farmer/members of the milk cooperative. As for gender balance, the great majority of the farmers and owners are men while many of employees in the food processing facilities are women. As TechnoServe turns increasingly to promoting organic production, shade grown Fair Traded coffee, and innovations such as drip irrigation, agricultural practices will be increasingly environmentally sound. Diversified production on small farms is almost by definition more environmentally sound than large-scale plantation agriculture.

c. Increased business sustainability defined as at least 65% of CBEs with increased net worth

Information not available.

d. Increased client participation and commitment:

A very high level of participation was noted in enterprises organized as cooperatives and cooperative members typically make up-front payments to purchase the processing infrastructure for the enterprise – milk cooling and cheese processing equipment, or a shed for storing vegetables, for example. In the privately owned businesses that TechnoServe supports, these inputs are provided by the owners in order to facilitate their work with the small farmers.

e. Create greater integration into the market economy through increased partnerships and access to credit.

Increased linkage to the market economy is the starting point of all of TechnoServe's enterprise development work. TechnoServe has partnered with Microfinance Institutions (MFIs) and banks that provide financing for most of the businesses that the evaluation team observed.

- f. Improve organizational management and have in place and in use proper governance and financial systems, business plans and impact measurement systems.**

The TechnoServe staff spends considerable time developing business plans, governance and financial systems especially for the cooperative businesses they work through. This is a major focus of TechnoServe's assistance to its clients.

Objective 2: Improve the capacity of local NGOs and other private/public institutions that support rural growth:

- g. Improve TNS's services to local NGOs and Institutions.**

Although TNS uses other institutions, to provide credit for example, it no longer formally provides capacity building services to NGOs and other institutions.

- h. Improve institutional capacity of 50 local NGO and Institutions.**

Before it adopted its new strategy, TNS was developing the capacity of 28 local institutions, up from 12 institutions assisted before the start of the Matching Grant. TechnoServe no longer provides formal capacity building assistance to local organizations.

Objective 3: Development of a stronger and more field-oriented TechnoServe by building technical and management/planning capacity at both corporate and field levels.

- i. Expand and improve technical assistance as reflected in the core indicators; exceed cost effectiveness ratio based on a sample analysis and develop new product lines in rural finance, marketing, environmental enterprise and organizational development.**

The core indicators show that the new model is starting to take off with increased numbers of enterprises being assisted in Nicaragua, El Salvador, Tanzania and Kenya and increased numbers of direct beneficiaries. Cost effectiveness analysis not been regularly applied in recent years as the new strategy was being rolled out. Of the new product lines for rural finance, environmental enterprise and organizational development only the environmental enterprise initiative was up and running before the overall strategic planning exercise was begun. TechnoServe has exclusively focused its efforts on developing its client enterprises and transforming itself as an institution.

- j. Achieve "critical mass" levels of impact through an increased number of strategic alliances and increased policy level impact.**

Although it would be hard to state convincingly that TechnoServe had achieved a "critical mass" of impact by the end of the grant, because so many of the enterprises it assisted are in their initial start up or formation stage, TechnoServe established the invaluable links to markets that this strategy requires. TechnoServe also has contractual relations with each of its enterprises, some of which are cooperatives that it has taken an active role in creating. The rest are private enterprises that it has established a relationship with.

k. Improve funding diversification with increased local cost recovery, improved local fundraising and a more diversified funding mix.

Local cost recovery now covers a miniscule 1% of TechnoServe's total operating costs and is unlikely to cover a substantial proportion of its costs in the coming years. Although fundraising from the private sector is increasing somewhat (and considering that the investments in mounting a private sector fundraising campaign have been substantial) the overall tendency has been for TechnoServe's dependency on US government sources to increase substantially from 48% to 70% over the life of the project, not decrease. (See section 5.1.4 for a full discussion)

l. Enhance field capacity in the area of field operations, project management, country program management, program marketing, financial management, MIS and human resources and administration.

Matching grant resources have been invested in all these areas and all the pieces are in place to enable TechnoServe to implement its new model on a greatly expanded basis.

m. Improve field service orientation at headquarters through the re-definition of the headquarters role and the provision of enhanced technical assistance in product lines and core competencies.

One of the most important achievements has been the top to bottom restructuring of headquarters and the field offices with the development of the technical capacity to implement the new model.

n. Achieve recognition as a senior PVO and development partner through expanded publications and its expertise in rural development.

While there is little question that TechnoServe has become a recognized leader in a market oriented private sector approach to rural development, it is awaiting the outcomes of its new approach before documenting the outcomes. A few publications were produced early in the Matching Grant.

o. Improve financial health and sustainability through diversifying the funding base, increasing US private funding by 33% and generating a 66% increase in non US Government funding.

Private sector funding has increased by only 16% over the Matching Grant period and there was only a 26% increase in non-US Government funding. The proportion of these funding sources as a percent of the overall budget has declined at the same time as TechnoServe's budget has more than doubled.

p. Enhance quality assurance capacity through improved training programs, improved monitoring and evaluation systems and procedures and improved management of information systems.

TechnoServe should be commended for its efforts to retrain its existing staff and to help them develop the business planning skills the new model requires. It has also brought on and trained new staff that have been fully integrated into the local operations. Its new monitoring system – the “core indicators” -- that measure the progress that the enterprises that TechnoServe assists-- uses business terms that are simple and consistently applied. There has been no client level

impact evaluation. One of the recommendations is that TechnoServe determine the degree to which poverty is being “eradicated” under its new strategy.

q. Improved self-learning and analytical capabilities.

Self-learning is encouraged through the intensive exchange that occurs between the staff of country offices and through the regional staff and headquarters staff visiting the field projects. Business plans and other materials are also frequently exchanged. As the TechnoServe staff gains more experience implementing the new model they are learning what works best.

5.1.3 Familiarity with DIP and design*

TechnoServe has received Matching Grants in the past and is familiar with the Detailed Implementation Plan and the issues of designing a Matching Grant Proposal. Based on various staff interviews it was evident that TechnoServe staff at appropriate levels knew and understood the Matching Grants’ objectives, strategy and monitoring plan. The evaluators were told that grant use, activities and results were reviewed at regular senior staff meetings.

5.1.4 Major successes and shortfalls in implementation

The evaluation team concluded that Matching Grant resources have been well utilized by TechnoServe over this five-year period (1996-2001), especially considering that one of the major objectives of the original Matching Grant Program is to encourage significant organizational innovation. This conclusion is based upon the following findings, that TechnoServe:

- Successfully transferred and transformed its leadership from its Founder and long term President, Edward Bullard to its current President and CEO, Peter Reiling. Matching Grant program resources enabled the new CEO to review and restructure some key core functions, such as monitoring and evaluation, and staff training.
- Significantly changed its programmatic focus from meeting local demand for staples and low value-added commodities to developing and supporting sophisticated marketing and production channels for high quality, value-added niche products destined for consumers in regional, national and international markets. Matching Grant program resources helped pay for staff technical training in sub-sector analysis and supported many of the sector studies they undertook.
- Changed the predominant type of organization TechnoServe supports from small cooperatives (called Community Based Enterprises) to larger cooperatives and private enterprises that link small and medium farmers to markets and provide them with the training and support they need to reliably produce and sell high quality products. Matching Grant resources were selectively used to support specific client engagements.
- Retrained its existing staff where possible and hired new staff that has the production skills, entrepreneurial orientation and detailed knowledge of markets necessary to implement this new strategy. Matching Grant program resources helped underwrite the major investment TechnoServe made in general staff development and business training.
- Greatly increased the interaction, learning and collaboration among TechnoServe staff between countries through frequent meetings and exchanges. Matching Grant resources have figured prominently in supporting more frequent intra and inter-divisional meetings that promote improved internal information exchange and learning.

- Largely decentralized the national level planning process to the country offices, with major inputs from the regional and headquarters staff. Matching Grant resources enabled TechnoServe to completely revise and strengthen its annual planning process.
- Developed a simplified set of “core indicators” to track the progress made by the enterprises assisted that reflect the organization’s evolving market and profit driven orientation. Matching Grant resources supported the new position of the Director of Strategic Initiatives who led the effort to revise and refine TechnoServe’s monitoring systems to bring them in line with their new strategy.
- Began to charge management fees to at least some enterprises and built the organization’s capacity to raise funds and to diversify the sources of funding from USAID to other sources. This objective of the Matching Grant was incorporated and strengthened within TechnoServe’s new corporate strategy.
- Added Board members who advise the organization on its market-led strategy and who can also help link producers to markets. While not used directly for this, Matching Grant resources effectively helped free up other unrestricted resources that could be used for this important purpose.

This section will review in detail the major successes and shortfalls in the implementation of the Matching Grant. It will then look in detail at two of the objectives of the Matching Grant, *increasing the number of enterprises and beneficiaries* and the *progress made toward diversifying TechnoServe’s funding base and covering its costs* through the fees paid by the enterprises it assists.

TechnoServe has accomplished much over this five-year period. It developed and implemented a new strategy for rural development that could represent an important breakthrough for rural development. This required retraining its current staff and hiring new staff that had a cohesive vision of the new methodology; decentralizing the planning and decision making to the country projects to build in the necessary agility that this new methodology required; developing many new enterprises whose potential is just now beginning to be realized; and adopting a set of core indicators that measure the progress of these enterprises in business terms.

Limitations to the Model

While this new approach shows considerable promise there are potential limitations to the model as it has been implemented, some of which are inherent in the methodology, and others that may be resolved over time.

The first question is the scale of the market for the kind of products these enterprises are targeting. It may be that only a small percentage of rural producers can benefit from these new markets since niche markets are by definition small and changeable.

- 1) A second issue is the extraordinarily high level of skills it takes to find these markets and hold onto them and to organize the production and the processing of these goods that are of sufficient quality to meet the demands of high end customers. This means that the enterprises will be dependent on the TechnoServe staff or others of comparable skills to continue to find and hold onto these markets.
- 2) A third issue is that TechnoServe’s objective of poverty eradication must be tempered with the need to work with farmers who are close to markets and have sufficient skills and resources to produce at this level.
- 3) A fourth issue is the high cost per enterprise assisted at this stage with the combined sales (to say nothing of the profits) of all the enterprises less than TechnoServe’s operational costs. In fairness,

most of the enterprises are just now getting underway or are in their startup phase, but the ratio of costs to sales needs to be carefully watched to insure that it tends substantially downwards over time.

- 4) The fifth issue is that the current “core indicators” monitoring systems, does not effectively track impact and cost-effectiveness, although it does a good job of tracking business progress.

Table 5: Major Successes and Shortfalls in Implementation

Implementation Experience at a Glance	
Major Successes	Major Shortfalls
<ul style="list-style-type: none"> Adoption and organization-wide installation of a new strategy that effectively links farmers to regional and international markets and shows the potential to generate substantial new revenue for farmers. 	<ul style="list-style-type: none"> Some products face volatile and/or limited markets and/or high levels of competition so “eliminating poverty” strategy may only reach a small percentage of the rural population or require continuing market vigilance.
<ul style="list-style-type: none"> Retraining existing staff and hiring new staff reflecting the new strategy and building a team with a cohesive vision and approach. 	<ul style="list-style-type: none"> It takes an extraordinarily high level of staff capacity to facilitate all the links between markets and producers.
<ul style="list-style-type: none"> Decentralizing planning and decision-making to the country programs while facilitating learning between the program staff of different TechnoServe countries. 	<ul style="list-style-type: none"> At this stage the model is costly per enterprise assisted. There is little possibility of covering more than a small percentage of costs through fees. Investing in businesses for potential profit is risky for TechnoServe.
<ul style="list-style-type: none"> Starting many new enterprises that reflect TechnoServe’s new strategy. 	<ul style="list-style-type: none"> TechnoServe’s current focus on rural economic growth will tend to steer them away from more marginal areas and smaller, poorer farmers are less likely to be linked with more demanding markets.
<ul style="list-style-type: none"> Adopting core indicators that measure the performance of the businesses assisted along business lines. 	<ul style="list-style-type: none"> Current monitoring system does not fully capture impact and cost effectiveness of model.

INCREASING THE NUMBER OF ENTERPRISES AND BENEFICIARIES

A clear indication that TechnoServe is making progress under its new strategy is that most of the Matching Grant countries increased the number of enterprises they directly assisted over the 18 months between June 2000 and December 2001 – the period since the last changes were made to key indicators.

Table 1: DIP Performance Targets Compared to Actual Performance, through December 2001

	Total # of Businesses Assisted					Total Beneficiaries				
	Baseline	Target	12/98	6/00	12/01	Baseline	Target	12/98	6/00	12/01
Ghana	60	110	222	210	113	34,893	90,000	79,298	9,142	2,212
Nicaragua	22	40	44	5	10	6,691	50,000	25,392	618	1,084
El Salvador	6	35	18	3	9	11,156	50,000	21,288	849	2,133
Peru	8	45	49	3	2	17,143	48,000	17,640	1,221	553
Tanzania	6	25	13	24	27	4,720	7,500	32,430	6,447	4,714
Kenya	NA	NA	NA	2	3	NA	NA	NA	2,068	1,232
Sub-total	102	255	346	247	164	74,603	245,500	176,028	19,064	11,928

The major decline in beneficiaries and client businesses in Ghana can be explained in large part by TechnoServe ending technical assistance to 97 CBE clients. This action was taken because, in keeping with TechnoServe's new strategy, TechnoServe wanted to concentrate its efforts on clients with real commercial potential. This required terminating assistance to poorly organized and resourced groups in some very poor rural areas. This does not mean that the CBEs disbanded, only that they are no longer being monitored and supported by TechnoServe. This shift was reportedly undertaken based on thorough discussions with USAID/Ghana's Food for Peace officer.

The Peru program reportedly restricts itself to reporting as beneficiaries only the number of documented suppliers to client businesses, even though technical assistance is being provided to at least double that number. In Tanzania the number of beneficiaries declined because of the collapse of the cashew market due to ill-considered government price fixing. Tanzanian numbers are reported to be on the increase due to replication activities in the north and expansion to the southern highlands.

The progress TechnoServe's client businesses made can be tracked in more detail in the following tables that show only the period of activity covered by the new strategy. The tables compare the core indicators for three Matching Grant countries in Africa, and the three Matching Grant countries in Latin America over the eighteen months between June 2000 and December 2001. These data are comparable because the same core indicator tracking system was being used in all the TechnoServe projects by that time. The list of core indicators and the progress made in reaching each of them is indicated in the following table. The core indicators reflect the progress of the businesses assisted in business terms.

Table 2: Core Indicators for Latin America, June 2000 and December 2001

INDICATORS	Nicaragua		El Salvador		Peru		Latin America	
	6/00	12/01	6/00	12/01	6/00	12/01	6/00	12/01
Cost of Program	1,629 K	1,460 k	1,977 K	1,168 K	1,490 K	1,145 K	5,096 K	4,035 K
Total # Businesses Assisted	5	11	3	9	3	3	11	23
Pre businesses	2	3	0	2	3	0	5	5
Start-ups	1	3	2	1	0	3	3	7
Existing Businesses	2	5	1	6	0	0	3	11
Annual sales	1,718 K	2,250 K	1,246 K	2,525 K	1,018 K	2,035K	3,984 K	6,810 K
Net Profits	-120 K	80 K	54 K	440 K	147 K	107 K	82 K	627 K
Value of goods Purchased	1,453 K	1,850 K	651 K	1,467 K	879 K	614 K	2,974 K	3,926 K
Number of rural producers	600	940	809	2,076	1,212	1,468	2,630	3,379
Salaries and Wages	25 K	94 K	70 K	418 K	0 K	151K	95 k	663 K
Number of Employees	18	56	40	51	0	101	58	208
Dividends to shareholders	0	0	6 K	0	0	0	6 K	0 K

Overall, these numbers show solid positive trends between June 2000 and December 2001. Client business' annual sales and net profits are up and the number of engaged rural suppliers is expanding. However there remain some causes for concern. Simply dividing the total program costs by the number

of client enterprises indicates that in 2001 TechnoServe spent an average of \$175,000 to identify, train and support a single business in Latin America. This seems a rather high number, and results in a ratio of TechnoServe costs to total client sales in Latin America of roughly 10:17. Obviously, neither of these calculations indicates a high level of cost-effectiveness. But while worthy of flagging, it is too early to pass judgement.

Much of these costs went into assistance during the early stages of client business start-up and development. These expenses only start to generate commensurate financial flows to small rural suppliers when the enterprises open for business and get up to speed. This ratio should improve substantially as the many businesses in the pre-launch and start-up phase become operational and begin to expand. It must be understood that this is a direct ratio, i.e. within a single year. It is intended that these businesses will continue to drive benefits to rural suppliers and their communities long after TechnoServe's intensive assistance has ended. TechnoServe's cost-effectiveness analysis tries to take into account these longer-term benefits.

Table 3: Core Indicators for Africa, June 2000 and December 2001

INDICATORS	Ghana		Kenya		Tanzania		Africa	
	6/00	12/01	6/00	12/01	6/00	12/01	6/00	12/01
Cost of Program	2,437 K	2,009 K	161 K	29 K	588 K	581 K	4,353 K	2,619 K
Total # Businesses Assisted	210	113	2	3	24	27	236	143
Pre businesses	188	80	1	0	20	21	209	101
Start-ups	17	25	1	0	1	3	19	28
Existing Businesses	5	8	0	3	3	4	8	15
Annual sales	2,555 K	2,955 K	1,021 K	653 K	883 K	445 K	4,459 K	4,053 K
Net Profits	221 K	405 K	26 K	18 K	139 K	77 K	386 K	500 K
Value of goods Purchased	1,725 K	1,639 K	800 K	535 K	861 K	383 K	3,386 K	2,557 K
Number of rural producers	8,916	2,035	2,040	1,198	7,553	4,521	18,509	7,754
Salaries and Wages	210 K	189 K	21 K	18 K	107 K	49 K	338 K	256 K
Number of Employees	224	177	28	34	221	193	473	404
Dividends to shareholders	< 1 K	0	0	0	49 K	1 K	50 K	1 K

In Africa, there is greater variation among the three TechnoServe country programs. In Ghana, while the number of businesses assisted dropped by 97 for the reasons mentioned earlier, sales increased by 14% and profits almost doubled, while the number of producers and employees declined. The elimination of the poorer businesses was reflected in an increase of average annual sales per business from \$12,000 in June 2000 to \$26,000 in December 2001. While this positive trend should be applauded, it must be noted that it comes at the cost of withdrawing technical assistance from some of Ghana's poorer people. The average cost per business assisted in Ghana was about \$18,000.

In Kenya, the specific technical assistance costs shown in the table are only a small portion of overall program costs. This is quite different than the situations in Ghana and Tanzania where almost all cost are

ascribed to specific business clients. The Kenya program contains two major initiatives that are not captured by the core indicators: the regional trade studies and the microenterprise support activities.

DIVERSIFYING FUNDING AND COVERING COSTS

One of the recommendations made in the previous matching grant evaluation was that TechnoServe further diversify its funding to reduce reliance on US government sources, a goal shared by TechnoServe's staff and Board. This has not happened. Taking advantage of opportunities for expansion and growth via public grant programs, TechnoServe more than doubled its budget between 1996 and 2001. As a result, however, the portion of total funds received from US government sources increased from 48% in 1996 to plus or minus 70% in recent years.

Over this same period, private sector funding from individuals, foundations, religious organizations and special campaigns rose only slightly (16%). Concurrently, the direct costs of raising these private source funds have increased markedly, from 21% to 54% of the amount raised. TechnoServe explains these increased costs, particularly in the past two years, as evidence of its efforts and commitment to expand this component of its funding. A more detailed discussion of TechnoServe's funding is found below, in Sections 7.6.1 and 7.7.2

It is worth considering whether this reliance on public funding is, in fact, a negative trend. Although increased dependence on any one source of funding is risky, the fact is that US government money is the most accessible source of funding for a highly regarded institution like TechnoServe¹. TechnoServe has had more than 30 years of success raising money from the US government.

Table 4: Sources of Support and Revenue, 1996 - 2001

<i>SUPPORT AND REVENUE</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Fundraising and grant solicitation*	2,654,590	2,470,750	2,592,323	2,826,611	2,937,786	2,858,222
% of total costs	38%	33%	23%	19%	20%	18%
USAID/USDA **	3,323,588	4,108,704	7,380,602	10,843,233	10,407,869	11,008,820
% of total costs	48%	55%	66%	72%	72%	71%
Multi-lateral/bilateral	216,821	418,979	488,958	639,688	306,398	346,401
% of total costs	3%	6%	4%	4%	2%	2%
Host country institutions/PVO collaboration	594,523	359,142	666,826	755,084	776,606	1,161,165
% of total costs	9%	5%	6%	5%	5%	7%
Project fees/interest/miscellaneous	123,946	108,646	111,028	90,145	88,922	163,623
% of total costs	2%	1%	1%	1%	1%	1%
TOTAL SUPPORT AND REVENUE	6,913,468	7,466,221	11,239,737	15,154,759	14,517,581	15,538,231

¹ See section 7.11. USAID Mission staff in Kenya and Nicaragua demonstrated that they think highly of TechnoServe.

Direct cost of grant solicitation and fundraising	587,678	564,810	842,160	1,007,694	1,158,520	1,547,000
Costs as % of funds raised	21%	23%	32%	36%	39%	54%

* Fundraising and grant solicitation: Includes individual contributions, foundations, corporations, religious organization and special campaign.

** USAID/USDA: Includes US Agency for International Development, USAID sub-grants, USAID Monetization, and US Department of Agriculture

5.1.5 Impact Results*

Despite the lack of impact data, the evaluation team was able to observe the impact of TechnoServe's strategy firsthand in the village of Sirongeroi in Kenya. In Sirongeroi, for over three years 1,200 share-holding cooperative members have brought their milk to a modern bulking and cooling plant where it is inspected, weighed and entered into their accounts. With a predictable source of cash income in hand often for the first time in their lives, many of the members now save at the newly created Financial Services Association. They have enough money left over to purchase meat from the local butchers, zinc roofing and bicycles from the hardware stores, and drink a cup of tea at a local café. All these businesses sprung up in Sirongeroi since the milk cooling plant was installed – a clear demonstration of how an enterprise that brings new income into the community can produce a multiplier effect that builds the entire community.

At the same time that some TechnoServe initiatives show promising impact, other work that the organization does is not yet being accounted for. Due to the nature of TechnoServe's work, it is critical to assist small businesses in their most nascent stages, long before they are making a profit. For example, all the time and effort of TechnoServe staff that goes into establishing a relationship with the rural poor, researching the market, identifying partners, understanding the local economic and political environment, designing and testing a business model, overseeing the construction of facilities, and mentoring business groups, is absolutely necessary before the businesses sell any products or services. Nonetheless, this effort is not evident or easily portrayed in the tables of core indicators.

Such effort is a long-term investment made by TechnoServe. In sharing their skills, connections, and attitudes with the business owners, they are leading by example. At the same time, TechnoServe is able to identify individuals with exceptional stamina, business savvy and very importantly with the necessary attitudes for leading a sustainable development project. When an individual or a few individuals in each project have proven themselves as dependable, resourceful and hard-working, as well as possessing the skills and knowledge to carry out the initiative in which TechnoServe has assisted, then the intangible –or social- return on that investment can be seen. Once the intangible –or social- return on the investment is witnessed, the odds of tangible and monetary results are much greater.

Additionally, many enterprises that TechnoServe has assisted in the past, but are no longer in need of their services, such as the milk chilling plant in Sirongeroi, are not counted in the core indicators. Such businesses continue to operate, expand and earn a profit independently. That much of their success can be attributed to TechnoServe's long-term strategy and on-the-ground work is not captured by the core indicators alone.

Along the same lines, in various cases, TechnoServe has provided market intelligence and business advice to the private sector. In circumstances, such as Spin Knit, the dairy processing plant in Kenya, their ideas and advice have been accepted and implemented by the private sector, leading to an improved,

competitive business environment. Once again, this is value added that shows TechnoServe's impact on the sector it serves, but is not reported.

The Sirongeroi experience is indicative of the kind of impact that might be expected over the next few years, but it also illustrates the challenges of achieving lasting impact. Lead responsibility for advising Sirongeroi passed from TechnoServe to Heifer Project International (HPI). While this shift made little difference from the perspective of the members, the business is now under threat due to the HPI led and co-financed capacity expansion being completed just as the major dairy processor in the area put a cap on its purchases from the business due to oversupply. As challenging as it is to establish a market for high value added items, it is equally challenging to hold onto these markets, especially as larger and closer producers put more distant and smaller scale producers at a competitive disadvantage.

Despite the impressive skills of the TechnoServe staff, not all the enterprises supported by TechnoServe have been successful, nor can it be assumed that all the businesses in the startup phase will make substantial progress. This, of course, is only to be expected, given the high attrition rate of new businesses even in developed economies. In Nicaragua, for example, TechnoServe is now helping coffee farmers to restructure their company after market speculation and theft by the former manager brought the company to bankruptcy. A pilot project with Chinese vegetables grown by larger farmers in Nicaragua suddenly lost its market, demonstrating that the market was too small and risky for small farmers. In Tanzania TechnoServe is seeking strategies to strengthen the cashew producers after misguided price-setting by the government led to the collapse of the industry. These experiences have helped TechnoServe to identify areas to be strengthened in order to improve services as it implements its new strategy.

Research, development and startup costs for businesses can be quite high. In Nicaragua, a new coffee producing cooperative required a full-time staff person for most of a year to work out the legal arrangements, organize the cooperative, link the cooperative to a source of funding to construct the wet processing mill, and get construction under way. This cooperative has as yet to generate any sales. In Kenya, Sirongeroi required the time of a resident TechnoServe staff person for several months while systems were put in place and the local staff was hired and trained. Furthermore, in both countries the TechnoServe staff spends considerable time assessing and developing opportunities that do not result in an enterprise being started. Once an enterprise is fully underway, the amount of staff time required should decrease substantially and the ratio of staff costs to income should improve substantially.

5.2 Assessment of project model and hypotheses

5.2.1 Project hypotheses articulated in CA

Like any model, TechnoServe's new model is based on an implicit set of assumptions whose validity will be tested as the new model evolves over the next several years. (These assumptions were developed by the evaluation team; there were no assumptions indicated in the cooperative agreement.)

- That high value goods produced in poor countries can compete in regional, national and global markets that are large enough to eventually have a measurable impact on Third World poverty.
- That with appropriate training and monitoring small holders can produce quality goods that can be linked to these markets.
- That proper investments in time and inputs made by small holders will lead to a substantial increase in their incomes.

- That the resulting increased incomes and improved capacity will generate continued economic growth and lead to the “eradication of poverty.”
- That the enterprises supported by TechnoServe will create a stable and long-term market for products for the small holders associated with each enterprise.
- That TechnoServe supported entrepreneurs and enterprises will continue operating and growing, thereby increasing the income for the producers.
- That these enterprises will maintain their commitment to small holders and to improved conditions and salaries to workers, even as profit margins are squeezed.
- That work that TechnoServe carries out to identify markets, assist enterprises and link producers to markets will be widely imitated or even co-opted by the private sector thereby multiplying the impact of TechnoServe’s work on the local economy and justifying the relatively high cost of this assistance.
- That donors will see the value of TechnoServe’s work and continue to support its operations recognizing that groundbreaking research work of this kind is costly.

5.2.2 Replication and scale-up of approaches in project area or elsewhere:

The replication of models and learning within TechnoServe is built into how the organization is managed. There are two regional meetings and two agency wide meetings held per year where senior staff have the opportunity to share the details of their success (or lack of success). Business plans and other documents are available electronically to the staff in all the countries. In this way, information about coffee production or dairy production, for example, can be easily shared between countries. This dissemination of technology is accelerated through field visits made by Regional Office staff and Headquarters staff, who have in mind the entirety of TechnoServe’s projects when they interact with local staff.

At the country level, there is evidence that TechnoServe’s project successes have been copied by the private sector in these countries. In Kenya, a proposal developed by TechnoServe to help the major dairies access small holders at specific sites across the country was co-opted by the dairies who are setting up dairy operations themselves in these sites without TechnoServe’s involvement. In the future, as the enterprises set up and assisted by TechnoServe show that new markets can be accessed profitably it is only to be expected that businesses will copy TechnoServe’s success. For example:

- In Nicaragua, when the TechnoServe-created dairy cooperative starts producing and exporting pasteurized *moralique* cheese successfully, larger dairies will likely produce competitive products. While this may have a negative effect on TechnoServe’s market share, it will increase the amount of the product overall and thereby help stimulate the Nicaraguan dairy industry.
- In Mozambique, under the USAID-supported Rural Enterprise and Financial Services Development Program and its precursor, the Trade and Enterprise Development (TREND) program, TechnoServe leverages the farmer networks of CARE, World Vision and CLUSA, and together they assist small producers to supply raw material that meets the needs of TechnoServe clients in the legume, cashew and oilseed sectors.
- In northern Tanzania, based on pilot work by TechnoServe with farmers groups to install and operate centralized *pulperies* for coffee processing, TechnoServe has convinced major private coffee buyers to finance the installation of these facilities and lease them to farmer groups at concessionary rates.

The company's only benefit is that they have first right of refusal to purchase the group's production. USAID is financing the expansion and replication of this activity to the southern highlands.

5.3 Advocacy under the project

5.3.1 Advocacy activities and impact*

Formal advocacy – e.g. actions specifically intended to effect change in government or donor policy – has never been a direct or major focus of TechnoServe, and it was not explicitly a component of the Matching Grant proposal or the grant's DIP. It was the last in a list of nine objectives, coming beneath *encouraging rural savings and investment and teaching and promoting sound environmental management*. Not surprisingly, then, the evaluation team found little evidence of TechnoServe's direct impact in national or international formal policy arenas.

However, TechnoServe has long been a believer and a strong advocate of the role of the private sector in economic and social development. Their new strategy is built on an extension and expansion of this belief -- the development, piloting and advocacy of commercial replication of business models seems increasingly to be at the core of their overall development "model." Thus it is not surprising that their advocacy activities are expanding and becoming more important to their overall activity mix.

Key among these expanding advocacy activities are TNS's efforts to identify and develop future entrepreneurs. TechnoServe has traditionally sought to identify the most entrepreneurial individuals and groups in rural societies and work with them to develop business ideas and get them up and running. Under their new strategy they are more broadly promoting and advocating the role and function of entrepreneurs in their economy and their society.

In El Salvador they have already piloted the entrepreneurial training methodology of a U.S. agency, the National Foundation for Teaching Entrepreneurship. This activity is being run in parallel to TechnoServe's development of a national-level business plan competition. In this latter effort, expected to be sustainable and repeated every two years, they are working with an array of major domestic and international businesses to celebrate entrepreneurship's economic role while promoting and jump-starting business start-ups of potential benefit to rural areas. TechnoServe's new Matching Grant will help support these initiatives in El Salvador and elsewhere.

In Tanzania, Ghana and elsewhere, TechnoServe has begun to run high-level seminars for up-and-coming business and government leaders to discuss and explore the role of the entrepreneur and business leader in society, and how the private and public sectors can most effectively work together to promote broad-based economic growth and effectively compete in the global economy. The new Matching Grant will support and help expand this effort too.

Of additional note is TechnoServe's long involvement with USAID/RED SO/ESA's Regional Trade Analytic Agenda (RTAA). TechnoServe began work with RTAA in 1994 and since then has been the key implementing and coordinating agent for a series of publications on critical regional trade issues. These well-regarded studies have entailed primary and secondary research on such issues as comparative advantage in agricultural production, comparative costs of transportation, and non-formal trade patterns. Current emphasis is on the further dissemination of study findings and advocacy for trade policy review and revision.

5.3.2 Partner/PVO roles in advocacy*

TechnoServe's partners in its advocacy efforts come predominantly from the commercial private sector, primarily business leaders, their enterprises and their associations. Within the RTAA work, partnerships have been formed with a wide array of major educational and research institutions, and trade organizations, in southern and eastern Africa.

While not focused on building capacity in advocacy per se with traditional NGOs, TechnoServe builds the commercial capacity of secondary businesses institutions -- such as associations of Nicaraguan vegetable growers, small-scale oil millers in Ghana and specialty coffee growers in Tanzania – and helps them gain access and a voice in important commercial and regulatory matters.

5.4 Implementation Lessons Learned

1. TechnoServe has demonstrated that it is possible to link small and medium farmers to markets that will pay a premium price for quality products. TechnoServe takes an essential and entrepreneurial middleman role in this process helping to identify markets, and identifying and strengthening enterprises that can process and transport these goods or creating new cooperative enterprises that can take on this role.
2. This model has the potential to if not “eradicate poverty” at least bring substantial new money into a community and thereby stimulate the development of other businesses and services and improve the economic position of small and medium farmers.
3. It is unrealistic to expect that it will be possible to link communities that have few resources and that are distant from markets to demanding regional, national and international markets.
4. Developing a new model for an organization that has worked for over thirty years using a different (although related) model is a difficult undertaking, and required a coordinated top to bottom change in the organization that led to this successful transition. TechnoServe should be applauded for making this transition while integrating many of the staff that it had worked with for many years into this new model.
5. Doing the kind of work TechnoServe does is not cheap. For 2001 TechnoServe reported its costs of support to client enterprises as \$6.7 million out of its total costs of operations of \$15.5 million. Total annual sales value of client enterprises was roughly \$10.9 million. This ratio of costs to enterprise activity should improve substantially as the many enterprises now in the start-up phase become operational. A more inclusive monitoring system will also track the performance of enterprises that are no longer receiving direct TechnoServe assistance.
6. Even if this exponential increase in performance is achieved, TechnoServe will still need to be subsidized and its value to development over the long run will be as a pioneering research and development organization with a with a private sector and business focus that can point the way to new opportunities so that others can follow.

6.0 PARTNERSHIP QUESTIONS

6.1 Analysis of Partnership Schemes

Key to understanding TechnoServe's strategic approach is the blurring of distinctions between partners and clients. TechnoServe's new strategy is very partner-dependent: all the sustainable economic benefits that TechnoServe seeks to establish flow from the continued profitable operation of its partner/client businesses. It is therefore impossible to limit a discussion on partnerships to the traditional gamut of non-commercial entities, such as local and international NGOs, educational institutions, government bureaus, chambers of commerce, trade associations, and the like. TechnoServe's partners – in both concept and practice – include private sector actors ranging from commercial banks and major agribusinesses to a wide array of small and micro-entrepreneurs who provide markets, inputs and/or services to assisted businesses. For example, in Tanzania TechnoServe is working closely with Dormans, a major buyer of high quality coffee produced and processed by TechnoServe assisted groups. Through TechnoServe, Dormans is financing the construction of central pulperies, a critical processing stage in producing high quality green coffee beans. These facilities are being leased to farmer groups at subsidized rates. In exchange Dormans gets the first right of refusal on their production at competitive prices.

6.2 Measuring Institutional Capacity

In keeping with its limited focus on institutional capacity building, TechnoServe does not typically apply formal instruments or methodologies to assess institutional partner's capacity and/or to agree upon capacity strengthening objectives and processes.

With commercial partners, the nature of the relationship often precludes the use of a formal comprehensive structured methodology. TechnoServe applies analytic rigor to those areas opened for its inspection and input, but is often constrained from a full assessment. TechnoServe understands the risks inherent in taking on commercial partners and/or clients with less than full knowledge of their weaknesses and strengths, but believes: 1) these risk are an unavoidable aspect of its strategy, and 2) that with time and experience TechnoServe will become better at gauging these risks, and its partners will be more comfortable with fuller disclosure.

6.3 Constraints to Partnership

TechnoServe faces few constraints to partnership formation and application. However it does find some limitations innate to its size and structure. TechnoServe is not a large agency. Strong semi-autonomous country programs dominate its operational model. This results in there being only a small central program staff, limiting TechnoServe's ability to respond to cross-border and regional opportunities, or to invest heavily in new program identification and proposal development.

6.4 Information Technology

There is no evidence that TechnoServe has found information technology per se to be a significant factor in either promoting or limiting its partnership activities.

6.5 Use of Local Networks and Service Organizations

TechnoServe is justifiably seen as a leader in identifying and developing useful corporate partnerships with the private sector. In the last five years it has successfully reshaped its Board, bringing on senior executives from such international powerhouses as Cargill and General Mills, and has built close partnerships with leading international firms, such as McKinsey & Company and Young & Rubicam, among others.

At the same time, TechnoServe pursues and maintains memberships in only a limited number of formal networks. At the headquarters level it has long been engaged in USAID's Advisory Committee on Voluntary Foreign Aid and active in the Small Enterprise Education and Promotion Network (SEEP) and networks of human resource and finance managers.

In the field, it joins/supports or helps create only those networks that can help play a practical role in their program plans. While this is understandable, it means that some agencies that could stand to learn from TechnoServe don't get the opportunity to do so. But this does not mean that TechnoServe is disengaged. Starting in 1995, under a contract with the World Bank, TechnoServe helped create the Ghana Microfinance Institutions Network (GHAMFIN). TechnoServe assisted GHAMFIN with policy analysis on microfinance issues, helping it make well-informed recommendations to member MFIs and the government. TechnoServe's continuing efforts in building the institutional capacity of the network helped it to become an independent entity in 1999.

7.0 PROGRAM MANAGEMENT*

7.1 Strategic Approach and Program Planning*

The evaluation team explored this issue through extensive conversations with TechnoServe's senior management in Norwalk, with its regional office staff for Africa and Latin America, with Country Directors in Kenya, Nicaragua and El Salvador and field staff at all levels. The senior staff goes to great lengths to include junior staff in the planning process. TechnoServe's staff work together as a team with a common view of their mission. There is little evidence of the divisiveness and bad feelings that characterize so many organizations.

7.2 Country Initiatives*

TechnoServe currently has country programs in Ghana, Kenya, Mozambique, Tanzania and Uganda in Africa and in El Salvador, Nicaragua and Peru in Latin America, with nascent projects in Honduras, Zambia, and South Africa.

The enterprises visited by the evaluation team in Nicaragua and Kenya provided a balanced overview of the types of enterprises TechnoServe is assisting and the scope of the programs in those two countries. What the team observed in its visits to TechnoServe client enterprises in Nicaragua and Kenya was a serious effort to tap into substantial sources of new income for small farm communities in these two impoverished countries:

Nicaragua:

- A coffee producing cooperative in Nicaragua will use carefully controlled “wet processing” to produce high altitude *Arabica* gourmet coffee that can be sold at a premium price. Although the members are medium scale producers they are committed to providing better wages and conditions for their workers. The construction of the wet processing mill had just started when the team arrived.
- At another site, five CBEs made up of small producers had joined together in a coffee growers’ cooperative showing how, in this case, TechnoServe built on the work it did previously. With the glut of commercial grade coffee produced in Vietnam, the price for non-gourmet coffee has collapsed worldwide and TechnoServe is only encouraging gourmet coffee production. (It is worth noting that just as this report was being completed it was announced the TechnoServe/Nicaragua would be organizing Nicaragua’s first internet-based coffee auction, scheduled for July 1, 2002. Operating under the same “Cup of Excellence” trademark used in Guatemala and Brazil, this will be the third Latin America nation to enter this rapidly growing aspect of the world’s coffee market. This direct sale will offer new opportunities for small coffee growers to attract competitive bids for a quality product.)
- A dairy cooperative in Nicaragua will produce a pasteurized version of the traditional *Moralique* cheese that is much desired in neighboring El Salvador and could eventually find a major market among the two million Salvadorans living in the United States. Although the cooperative has sold fresh milk for some time, the cornerstone for the cheese processing facility was just laid when the evaluation team visited the site so the success of this venture will only be known later.
- A private business whose Nicaraguan owner learned the organic vegetable business in the United States has linked numerous small farmers to his grading and cooling plant and is selling organic onions to the US market. Growing organic produce is complex and demanding and the farmers are trained and carefully monitored and provided onion seedlings to insure a quality product. The processor plans to expand his operations in the future and increase the number of organic products marketed.
- Similarly at another site, four CBEs that TechnoServe developed earlier were joined in a vegetable producing cooperative the previous year, and at another site a new vegetable growing cooperative had just begun to sell their high quality produce to supermarkets.

In Nicaragua, a total of 10 businesses are receiving assistance from TechnoServe, of which five are existing businesses, two are start-ups and three are pre-businesses. These businesses generated \$1,496,217 in sales and \$11,210 in net profits last year and a total of 802 rural producers sold goods worth \$1,312,24 to these enterprises. The cost of the TechnoServe program in Nicaragua in 2001 was \$1,332,840.

Kenya:

- Three dairy operations were visited in Kenya. Sirongeroi, which has been operational for three years and has 1,200 members, was described earlier. Another cooperative whose 2,000 members had invested their own capital to finance the cooling plant in its entirety was about to be attached to the power grid and begin operations. The third private dairy operation was already cooling its milk with plans to expand production by purchasing milk from several small, local dairy farmers.
- TechnoServe has also promoted the creation and development of Business Service Centers and helped entrepreneurs set up training institutes, and provided training for those wanting to start businesses such as baking, tailoring, juice making, dairy products, and the like. The team observed baking classes underway where many of the graduates had purchased charcoal fired ovens to start their

bread, roll and cake businesses. Some of the graduates had started their own training institutes, showing how this kind of intervention can ripple out into the community. This model of helping entrepreneurs establish training institutes and facilitating their access to appropriate technologies, such as charcoal fired bread ovens and mobile carts, shows considerable promise as an effective and sustainable way of providing business training.

- TechnoServe Kenya has also carried out a series of Regional Trade and Transport studies for AID/REDSO/ESA over the past eight years. This work is funded through 2002 and may continue in the future. While this initiative is somewhat outside the new TechnoServe model it does provide a source of income for the Kenya program, and offers the organization insights into regional trade opportunities and constraints.

According to the core indicators, TechnoServe Kenya was serving three dairy oriented businesses (not including the businesses assisted through the Business Service Centers) but of these, only Sirongeroi was operational with sales totaling \$653,447. The total costs for the TechnoServe initiative in Kenya was \$1,655,191 including all three program components, but the direct costs of supporting Sirongeroi in 2001 was less than \$30,000 showing how the costs per enterprise assisted can decline after high initial startup costs. Sirongeroi has now become a client of Heifer Project International (HPI) which made a substantial investment in the development of a new and expanded milk cooling and bulking plant. HPI was one of TechnoServe's partners in the early work with the group.

7.3 Conflict Management*

TechnoServe's basic mission and core competencies are best realized and applied in stable social and economic environments. Recognizing this, TechnoServe generally avoids unstable or conflict situations as unsuitable operating environments.

However, the evaluation team observed an exception to this rule. In the early 1990s TechnoServe began implementing USAID/Nicaragua's DAFER Program, an agricultural settlement program for ex-combatants, both contras and Sandanistas. Beginning with instruction in basic agricultural production of food crops, TechnoServe helped these new communities transition into tree crops like fruit and coffee. Always focused on the business side of production, TechnoServe helped them form marketing cooperatives, and then helped several of these cooperatives form a marketing company. Though this latter company ultimately faltered and collapsed, the overall objectives of demobilization and re-socialization of these soldiers were well met.

Another example of TechnoServe's capacity and experience in mitigating conflicts can be found in 2000 in Mozambique. As the floodwaters began to recede, USAID approached TechnoServe for advice on how to resuscitate micro and small businesses affected by the disaster. TechnoServe quickly fielded a team to undertake a difficult survey and made specific recommendations, which AID adopted for rapid action.

7.4 Monitoring and Evaluation*

TechnoServe's approach to monitoring and evaluation has continued to evolve during the matching grant. In the early years of the MG, TechnoServe sought rigor and timeliness by assigning dedicated staff resources to the collection and analysis of monitoring data, at both the field and headquarters levels. This top-down approach proved valuable in developing systems and inculcating an internal commitment to regular and timely data collection.

Having successfully internalized a core monitoring system, in the past two years, TechnoServe has worked to decentralize the function, making it less of an 'external' supervisory and reporting function and more of a fully integrated aspect of overall program operations. TechnoServe staff in Kenya, for example, commented that the new system is not only smarter but is already showing results. The successes and challenges of each enterprise are discussed among a group on a weekly basis so that others can offer insights and learn from mistakes. Staff recognized that this means of monitoring and evaluation enables quick responses in the field and shows that the enterprises with whom they work that their issues are a top priority for TechnoServe. This internal monitoring and evaluation system is highly valuable, on one hand, yet at the same time makes dissemination difficult. It becomes time consuming to report learning to a broader audience outside Kenya and thus the valuable learning is perhaps not of much benefit to the headquarters staff and field offices in the rest of Africa and Latin America.

To make sure key data are shared; information including the core indicators and a qualitative assessment of each business is collected by the advisors of each sector and written up in a monthly report. This report is then submitted to the sector manager, who reviews it with the advisor. The advisor then compiles the report of his or her entire sector into a quarterly report, which is passed along to the Director. The Director amalgamates the reports of the sectors into one comprehensive country quarterly report, which is sent to TechnoServe's home office in Connecticut. The value added to this process is the job of the sector managers who compare the indicators of each business over the months and years. Dramatic changes and consistent trends are reviewed and analyzed. The data collected is systematically used at all levels to help plan the development of each enterprise and to track the performance of TechnoServe's performance overall.

Attention has now shifted to developing a regular impact evaluation system to complement the ad hoc application of TechnoServe's long-standing cost-effectiveness analysis methodology. Working with a graduate class in Columbia University's School of International and Public Affairs, TechnoServe is currently developing an evaluation methodology to be field-tested in Peru this March. The Peru work is being used as part of a broader and more rigorous look at TechnoServe's entire range of information and communications systems and practices. This expanded effort is being lead by an extern from McKinsey and Co's Boston office and the Executive Director of Leap Africa.

It is the opinion of the evaluation team that the core indicators do a good job of measuring the progress of the businesses.

7.5 Overall Management*

No problems were noted in the overall management of TechnoServe after extensive interviews with program staff at all levels by the evaluation team. The sense of commitment and commonality of purpose was uniformly high.

7.6 Sustainability*

7.6.1 Overall Sustainability survey

The TechnoServe model -as it is currently conceived and carried out- may well be sustainable, but it is clearly based on high levels of US government support. During the Matching Grant period, private source income has shown only a modest positive growth rate, far below the pace of growth in US Government source funds. Very little income is "self-generated" -- of TechnoServe's total budget for 2001, \$15.7 million, less than \$160,000 was covered by user fees. Even if the headquarters and regional office costs are subtracted from the budget (a device that microfinance organizations often use when they are touting

their high level of sustainability), fees represent less than 2% of the total local office expenses and less than 1% of all TechnoServe costs.

TechnoServe's private sector rhetoric is that it will increasingly operate like a consulting firm with the enterprises assisted paying for the service they receive from TechnoServe. In reality, few of the businesses assisted by TechnoServe actually pay fees and none pay at a rate that reflects the true costs of the assistance they receive. It is important to note that TechnoServe's costs in Latin America are 6.5 times the net profits of all the businesses it assists; in Africa costs are 5.3 times client profits. It would be impossible for businesses at their current state of evolution to pay these fees even if they wanted to.

These figures, however, beg the larger question; should TechnoServe be sustainable in the sense that a microfinance program is sustainable through internally generated income, i.e. interest on loans? If one answers yes, TechnoServe would be driven to focus its efforts on those few major businesses that can pay the hefty fees necessary to cover TechnoServe's costs. This would quite likely result in a clear shift away from a focus on rural poverty. Certainly this is not a desired result.

The evaluation team has come to view TechnoServe as a valuable and rather unique research and development service that identifies market niches and works closely with cooperatives and private companies to develop win-win strategies to link small farmers to these markets. In this case, charging token fees with no expectation of recouping the true development costs is probably justified. Furthermore, once the hard work of identifying a market and showing how this market can be accessed has been demonstrated the co-optation of this experience by the private sector is a sign of success. In Kenya, for example, Brookside Dairy – a large commercial dairy processor -- is planning to expand its operations into Siongiroi and many other rural sites, now that TechnoServe has shown the way.

An alternative for TechnoServe might be to become an investor/shareholder in some of the businesses it assists, or possibly even in those it does not. This option, although it is vocally supported by some of the staff, has thus far been rejected by the Board. The evaluation team believes it is worthy of further consideration. Shares in these businesses could be purchased or received as payment for services rendered. If the businesses were successful, TechnoServe ideally would recoup its assistance costs and perhaps make additional profits to underwrite future assistance to other clients or to invest in other businesses. Care would need to be taken to assure: that not only those businesses with the greatest chance of profits would be selected as clients; that TechnoServe's technical assistance program should take risks; and that TNS continues its focus on pioneering research and development and helping poor clients in rural areas. Equity investments should only be made in well-conceived and managed businesses – and appropriate structures would need to be in place to avoid catastrophic losses or claims, for two or three bad investment decisions could jeopardize the survival of the institution. (ACCION International, for example, lost substantial sums when an organization it partially owned in Colombia failed.)

7.7 Financial Management

7.7.1 Effectiveness of Financial Management

The evaluation team did not undertake a comprehensive review of TechnoServe's financial management systems and procedures. However, everything we did see demonstrated competence in this area and suggested that both field and headquarters have in place and use adequate and appropriate systems to assure proper financial management and oversight.

TechnoServe uses a decentralized budgeting system. It solicits initial income and expense projections from the field in August. An iterative process is used to aggregate and adjust budget requests with

income projections in order to have annual spending and fundraising plans in place for the start of its January – December fiscal year.

The accounting system is based on monthly computerized filings from the field offices that are checked and incorporated into the corporate general ledger. The current system seems adequate for all essential tasks, though as noted below, some field staff were dissatisfied with its complexity and limitations.

7.7.2 Leveraging Other Donor funds

The major source of TechnoServe's funding is the US government. In 2001 USAID and USDA accounted for 71% of TechnoServe's expenses of more than \$15,000,000, up from 48% in 1996. Funding from multilateral and bilateral donors represented only 2% of the total budget, although this percentage was as high as 6% of the total budget in 1997. Host country institutions and PVO collaborators contributed 7% of TechnoServe's budget in 2001 with a high of 9% in 1996. As discussed above, internally generated resources contribute 1% of TechnoServe's income.

Income from private grants and contributions trended slightly upward over the Matching Grant's five years, ranging from \$ 2.47m (1997) to \$ 2.94m (2000). However, due to high overall income growth -- 125% over the same five years -- private source funding as a portion of total income declined from 38% in 1996 to 18% in 2001. Having decided as a key aspect of its strategic plan to expand its private fundraising efforts, TechnoServe engaged the services of Campbell & Company, a fundraising consulting firm. Based on their findings and advice, TechnoServe's board approved an ambitious plan to expand private source income. In the past two years TechnoServe made major investments in its marketing department. Staff increased from five to eight and the marketing department budget doubled. The income target for private source income for 2006 was set at 350% of its 2000 rate.

These recent major investments in private fundraising appear to be beginning to pay off -- In recent months TechnoServe has announced new grants from new private donors totaling over \$1.7 million.

7.7.3 Cost-Effectiveness of Technical Approach

If cost-effectiveness were judged by a simple glance at total operational costs compared to any of the core indicators, TechnoServe would not appear to be cost-effective at this early point in the adoption of its new strategy. In 2001, the yearly sales of all the enterprises assisted were roughly one half of TechnoServe's total annual costs.

The evaluation team visited a coffee cooperative and a cheese processing plant in Nicaragua where the construction had only just begun, and in Kenya the team visited one milk cooling plant where the installations were complete, but the plant had not been linked yet to the power grid to begin operations. The other cooling plant, Sirongeroi, the major TechnoServe success that was mentioned earlier, was no longer on the TechnoServe books.

The cost-effectiveness of TechnoServe's new strategy should be much clearer within three to five years. Investments in market and sector research and staff development made in recent years should be paying off and the businesses just about to start and just underway at the time of this evaluation will have demonstrated if they were successful or not. As the major investment of staff time required to start new businesses lessens, staff will be freed up to work with new businesses. But even then, there are major limitations in what TechnoServe's core indicators will measure.

However good they are at demonstrating the profitability of the enterprises, the core indicators will not fully capture the cost effectiveness of the model. While the *number of farms linked* to the enterprise and

the *sales volume* are core indicators, the *number of jobs created* on the farms and the multiplier *effect of new income* on the local economy is not. Furthermore the enterprises TechnoServe invested heavily in, but is no longer supporting, and the success of the enterprises independently copied from TechnoServe models are not counted. A more intensive monitoring of at least a sample of businesses will be required to resolve the cost-effectiveness question.

With that said, there are likely to be cost effective ways of supporting enterprises that reflect the differing opportunities among countries, but also varying priorities, staffing patterns and the types of projects being supported in different TechnoServe countries. In Ghana, a large staff helped start many small CBEs in food insecure areas. In Mozambique, a new country for TechnoServe, a small team is focusing its efforts on larger enterprises that have the potential to achieve considerable scale.

7.7.4 Repercussions of “Matching” Requirement on Program

TechnoServe did not report – and the evaluation team did not discern - any significant repercussions, either negative or positive, from the Matching Grant’s matching requirement. Records show that TechnoServe has never had difficulty in meeting the grant’s relatively broad match requirements. However, TechnoServe is quick to note the inter-related nature of all USAID match requirements and the difficulty that some of them pose. The increasing demands for matches in other USAID RFAs and grant mechanisms have at times dissuaded TNS from submitting application for other work that is well within its capabilities and interest. The match consists of TechnoServe’s private sector fundraising efforts and the donations from multinationals and other non US Government sources.

7.8 PVO’s Information Management*

While fulfilling all of its basic needs, TechnoServe’s computerized general ledger accounting system is apparently less than ideal. Staff in different countries reported it as less than user-friendly and somewhat limited in its capacity. Several voiced the opinion that the current system needs to be replaced or significantly improved in order to maintain efficiencies in bookkeeping, accounting and financial management.

It is worth noting that in the mid-1990s TechnoServe invested in the development of a broad field database software application (based on Fox Pro). However, in practice the tool proved unwieldy – it was determined that the costs of collecting and entering the large volumes of data required exceeded its organizational and decision-making value. Differences in project portfolios among program countries and difficulties in standardizing inter-program indicator definitions made comparative analysis problematic.

Thus in 1996 the organization-wide database was abandoned. Country offices were supported in creating local systems to meet their needs – programs receiving Title II funding generally have much more complex data needs. Peru, for example has a sophisticated computer-based system, while the system created in Nicaragua is manual. Both are reported as adequate to their needs.

7.9 Logistics

TechnoServe’s Matching Grant program contained no major component particularly dependent on logistics, such as large shipments of material, construction projects, etc. The evaluation team found that the programs visited had ample and appropriate office facilities, vehicles, and equipment to carry out their assigned tasks. Routine program planning and logistics seemed to be handled easily and efficiently. The

team concludes that TechnoServe effectively budgets, mobilizes, applies and manages resources in accord with program plans and objectives.

7.10 Project Supervision*

The Director of TNS/Nicaragua expressed his satisfaction with the current level of supervision he receives. Because his immediate supervisor (the Regional Latin America Regional Manager) has been with TechnoServe for so long, he serves as a valuable resource. At the same time, his management style is one to provide practical suggestions when they are requested, but does not impose or demand. This relationship is also supported by a world-wide TechnoServe decision-making policy called “one over one” which states that important decisions (especially hiring and firing) must be approved by the person one level above he or she who proposes the decision.

TNS/Kenya is led by both a US Country Director and a local Deputy Director, who seem to complement and backstop for each other seamlessly. The Director of TNS/Kenya shows pride in his staff. He boasts an impressively low turnover rate of less than 10% over 3 years, thanks to his beliefs that good hires are able to work without supervision and they understand business and that productivity comes by delegation and support - not centralization. The 30 employees have weekly meetings, in which they not only review their weekly objectives, but also discuss their progress, challenges and learn from one another. This is an excellent means by which the Country Director and Deputy Country Director keep their finger on the pulse of the organization.

While these observations about project supervision speak to TechnoServe’s overall capacity, they are also highly relevant to its management of the current Matching Grant. TechnoServe’s decentralization strategy applies to Matching Grant management. Management and supervision of Matching Grant usage is vested in the Latin America and Africa operating divisions.

7.11 USAID Management

The evaluators met with USAID mission staff in Nicaragua and Kenya. USAID personnel placed TechnoServe among the top rank of the organizations they were working with -- it was obvious the USAID missions greatly respected TechnoServe’s staff and work and fully understood and supported the work they were doing. The TechnoServe staff was also positive about their relationships with USAID, and identified no major issues or problems.

Similarly the relationship of TechnoServe’s head office with USAID/PVC appears positive and constructive. Both sides recognize and appreciate the novel approach that TechnoServe is now pursuing. Both see the potential for major scale and impact, but agree that this potential has yet to be demonstrated. PVC’s approval of another major Matching Grant prior to the completion of this evaluation speaks to its overall confidence in TechnoServe and its support of TNS’s new directions and initiatives. This new matching grant has been designed to build on TechnoServe’s new model, consists of a number of well-defined activities, and unlike the grant evaluated here, should not require major reconfiguration or reinterpretation in the course of implementation.

8.0 CONCLUSIONS AND RECOMMENDATIONS*

CONCLUSIONS:

Through the five years of the Matching Grant TechnoServe both grew and changed in very significant ways. Total revenues increased from \$6.9 million in 1996 to \$16.6 million in 2001. Even more dramatic were the internal changes. TechnoServe shifted from a focus – to use its own terms – on community based poverty alleviation to rural economic growth. This involved a strong embrace of a private-sector led model of economic growth and competitiveness and a concomitant shift in the typical profiles of its Board and senior staff. Significant investments of Matching Grant program resources in staff training and systems are seen to have succeeded in transforming TechnoServe in accord with their strategic vision and plan.

The Matching Grant was intended to exponentially increase the number of CBEs and beneficiaries along the lines of TechnoServe's established model, develop the capacity of 50 NGOs and other institutions and diversify its funding base. The outcome by the end of the Grant was quite different. While TechnoServe effectively used Matching Grant resources to introduce its new model, it almost entirely abandoned the objective of building NGO and institutional capacity while its dependency on Government funding increased rather than decreased.

With that said, the evaluation team considers that Matching Grant resources were well spent by TechnoServe. Transforming the corporate culture and development strategy of a multinational organization such as TechnoServe is a difficult undertaking, and few institutions have negotiated this transformation process as successfully and as smoothly as TechnoServe. If this new strategy proves to be as successful as TechnoServe expects it to be, the Matching Grant will have helped develop an important vehicle for linking Third World farmers to global markets and increasing the prosperity of rural communities. TechnoServe's new strategy represents a fresh approach to dealing with the long standing and intractable problems of rural poverty.

Considering how recently this new strategy was adopted it is not surprising that the number of enterprises and beneficiaries assisted is small and that costs are high per enterprise assisted. USAID should keep in mind that it invested heavily in microfinance as a new development strategy for over a decade before this methodology proved itself. It will take until at least the end of TechnoServe's current Matching Grant to know if the investment was worthwhile, with levels of success doubtlessly much higher in some countries and enterprises than others. This underscores the importance of ongoing evaluation during the current Matching Grant to understand what works and what doesn't work with the new model and how to fine tune the model to achieve the best results.

RECOMMENDATIONS:

Monitoring

TechnoServe should develop an ancillary monitoring tool to provide a more accurate picture of its achievements beyond the performance of the businesses currently being served. These variables should be tracked on a regular basis: the performance of businesses that TechnoServe launched but that are no longer active clients, and the performance of initiatives that have been copied or co-opted by the private sector. This would provide a more rounded picture of the impact TechnoServe has had.

It is the opinion of the evaluation team that the core indicators do a good job of measuring the progress of the businesses. A useful addition would be to track the costs of developing each business or at least the number of person days of staff that were required to develop the enterprise to determine what investments were worth making. The enterprises that TechnoServe previously assisted should also be periodically monitored to see if they are still functioning or have expanded their operations. Client impact surveys will also help determine if TechnoServe is eradicating the poverty of the participating farmers, or at least track the progress that they have made.

Impact Studies

TechnoServe's mission is to "create jobs, raise family incomes and generate economic growth." Creating and supporting enterprises is only a means to that end. Better monitoring still won't get at the question of "poverty elimination." TechnoServe should therefore undertake or commission a small series of studies of representative projects to measure *impact* at the producer level. Questions to be answered might include: Who are the producers and how poor were they when they began selling their products? How much extra income did they earn, and how did they use this income? As the prosperity of a community improves, how does this influence the creation of secondary businesses in the community?

Source of Income

As a strategy to increase self-sufficiency, TechnoServe should explore taking equity positions in the companies that it assists. Perhaps a starting place would be to invest in a formal review and assessment of others' experiences in creating and operating small-scale investment funds, towards the possibility of establishing a parallel investment arm. The profits from these investments would help defray the costs of TechnoServe's ongoing research and development and enterprise development activities. Additionally, such a company could hold shares accepted in lieu of cash fees from client enterprises. Creating a separate corporation to act as a firewall between TechnoServe's research and development and enterprise development activities and its investing/profit-seeking activities would of course be essential -- if a business ultimately fails it should not directly effect TechnoServe's operations.

Cost Effectiveness

For TechnoServe's new strategy to be seen as valid and cost-effective, it needs to demonstrate a reasonable rate of return, i.e. traceable benefit streams to its low-income target populations need to be a reasonable multiple of its relevant operating costs. This means that TechnoServe must leverage broad impact from its major early investments and ongoing costs in sectoral and enterprise initiatives.

TechnoServe must carefully analyze its early experiences in this new strategy and promptly capture and apply the lessons learned. Basic questions to be explored might include how can staff time and resources be most effectively applied to identify market opportunities of a type and scale to result in broad benefits? What are the key market and industry characteristics necessary for development to benefit small producers? How can you best structure a sectoral assistance strategy to avoid dependence on single clients? What client selection criteria most closely predict future success? How and when should it be decided to terminate assistance to a client?

Annex A: Key Events Timeline

Nicaragua

FY # : 1-Oct-96 to 30-Sep-97		FY # : 1-Oct-97 to 30-Sep-98	
<i>Date</i>	<i>Event</i>	Date	<i>Event</i>
Oct. 96- March 97	Worked with 15 CBEs in Matagalpa and Jinotega under the DAFER I project.	Oct. 97 – Sept. 98	Worked with 7 CBEs in Zona Seca and Jinotega under the SAADEP project.
July 96 – Sept. 97	Worked with 8 CBEs in Quilali under the DAFER II project.		
July 97-Sept. 97	Began work with 15 CBEs in Leon and Chinandega under the PROCADAE project.	Oct. 97 – Sept. 98	Continued work with the 15 CBEs in Leon and Chinandega under the PROCADAE project.
July 97 – Sept. 97	Worked with Coffee Cooperatives to form the Bullard Company (follow-up to 5 CBEs from DAFER I)	Oct. 97 – Sept. 98	Continued work with the Bullard Company
		July 98- Oct. 98	Established relationship with Vegetales Orientales

Nicaragua (continued)

FY # : 1-Oct-98 to 30-Sep-99		FY # : 1-Oct-99 to 30-Sep-00		FY # : 1-Oct-00 to 30-Sep-01	
<i>Date</i>	<i>Event</i>	<i>Date</i>	<i>Event</i>	<i>Date</i>	<i>Event</i>
Oct. 98 – Sept. 99	Continued work with 7 CBEs in Zona Seca and Jinotega under the SAADEP project.	Oct. 99 – Sept. 00	Continued work with 7 CBEs in Zona Seca and Jinotega under the SAADEP project.	Oct 00 – June 01	Worked with a group of 53 producers called Productores de Sebaco
Oct. 98 – Sept. 99	Continued work with the 15 CBEs in Leon and Chinandega under the PROCADAE project.	Oct. 99 – Sept. 00	Continued work with the 15 CBEs in Leon and Chinandega under the PROCADAE project.	July 01 – Sept. 01	Worked with DECOSA (Follow up to Productores de Sebaco)
Oct. 98 – Sept. 99	Continued work with the Bullard Company	Oct. 99 – June 00	Continued work with the Bullard Company, until its demise.	Oct. 00 – Sept. 01	Worked with Empresa San Marcos (Follow up to 7 (+1) CBEs from SAADEP)
Oct. 98 – July 99	Continued working with Vegetales Orientales	June 00 – Sept. 00	Worked with Cooperativas Unidas de Mancotal (Follow up to Bullard Company)	Oct. 00 – Sept. 01	Continued work with Cooperativas Unidas de Mancotal
March 99 - Sept. 99	Worked with Vivero Chiquimulapa	Oct 99 - June. 00	Worked with Vivero Chiquimulapa	March 01 – Sept. 01	Worked with Cooperativa Pueblo Nuevo
Jan. 99 – Sept. 99	Worked with a group of 53 producers called Productores de Sebaco	Oct 99 – Sept. 00	Worked with a group of 53 producers called Productores de Sebaco	Oct. 00 – Sept. 01	Worked with Lacteos del Rio
				Jan. 01 – Sept. 01	Worked with COPESEPROC (Leon)
				March 01- June 01	Worked with EMPROLOCSA (Villa Nueva)
				Oct. 01-	Started work with Ubu Norte

Kenya

FY # : 1-Oct-96 to 30-Sep-97		FY # : 1-Oct-97 to 30-Sep-98	
<i>Date</i>	<i>Event</i>	Date	<i>Event</i>
Jan. 97 – Sept. 97	Set-up Nairobi Business Development Center	Oct. 97 – Sept. 98	Continued work with Nairobi Business Center
Jan. 97 – Sept. 97	Set-up Meru Business Development Center	Oct. 97 – Sept. 98	Continued work with Meru Business Center
Jan. 97 – Sept. 97	Set-up Nakuru Business Development Center	Oct. 97 – Sept. 98	Continued work with Nakuru Business Center
July 97- Sept. 97	Worked with Manyeso Dairy S.H. Group	July 97- Sept. 98	Worked with Manyeso Dairy S.H. Group


















Kenya (continued)

FY # : 1-Oct-98 to 30-Sep-99		FY # : 1-Oct-99 to 30-Sep-00		FY # : 1-Oct-00 to 30-Sep-01	
<i>Date</i>	<i>Event</i>	<i>Date</i>	<i>Event</i>	<i>Date</i>	<i>Event</i>
Oct. 98 – Sept. 99	Continued work with Nairobi Business Center	Oct. 99 – Sept. 00	Continued work with Nairobi Business Center	Oct. 00 – March 01	Concluded work with Nairobi Business Center (Currently operating as a facilitation center with 10 Low Cost BDS Providers)
Oct. 98 – Sept. 99	Continued work with Meru Business Center	Oct. 99 – Sept. 00	Continued work with Meru Business Center	Oct. 00 – March 01	Concluded work with Meru Business Center (Currently operating as a private enterprise without TNS support)
Oct. 98 – Sept. 99	Continued work with Nakuru Business Center	Oct. 99 – Sept. 00	Continued work with Nakuru Business Center	Oct. 00 – March 01	Concluded work with Nakuru Business Center (Currently operating as a private enterprise without TNS support)

FY # : 1-Oct-98 to 30-Sep-99		FY # : 1-Oct-99 to 30-Sep-00		FY # : 1-Oct-00 to 30-Sep-01	
<i>Date</i>	<i>Event</i>	<i>Date</i>	<i>Event</i>	<i>Date</i>	<i>Event</i>
July 98 - Sept. 99	Worked with Manyeso Dairy S.H. Group	July 99 - Sept. 00	Worked with Manyeso Dairy S.H. Group	July 00 - March 01	Concluded work with Manyeso Dairy S.H. Group (Is now a sustainable business)
July 98 – Sept. 99	Worked with Siongiroi Dairy Plant	July 99 – Sept. 00	Worked with Siongiroi Dairy Plant	July 00 – July 01	Concluded work with Siongiroi Dairy Plant (Is now a sustainable business)
				Sept. 01 -	Worked with Farm Fresh Dairy (a microenterprise with potential to develop into a sustainable business)
				July 01 – Sept. 01	Worked with SpinKnit Eldoret C.P. (A private cooling center that buys milk from micro-enterprises that TNS supports)
				July 01- Sept. 01	Worked with Nyala Dairy Plant (An enterprise owned by 3,500 farmers with great potential, operations begin February 2002)
				July 01 – Sept. 01	Worked with Cow Fresh (A microenterprise dairy processor with the potential to provide a more reliable market to over 30 local farmers.)

Time Line in Graphic Form

Nicaragua

Client	1996 Q3 Q4	1997 Q1 Q2 Q3 Q4	1998 Q1 Q2 Q3 Q4	1999 Q1 Q2 Q3 Q4	2000 Q1 Q2 Q3 Q4	2001 Q1 Q2 Q3 Q4	Comments
DAFER I (15 CBEs)							15 CBEs in Matagalpa and Jinotega
DAFER II (8 CBEs)							8 CBEs in Quilali
SAADEP (7 CBEs)							7 CBEs in Zona Seca, Jinotega
PROCADAE (15 CBEs)							15 CBEs in Leon and Chinandega
Bullard Company							Follow-up to 5 CBEs from DAFER I
PRODECOOP							
Vegetales Orientales							
Vivero Chiquimulapa							
Productores de Sebaco							Group of 53 producers in Sebaco Valley
DECOSA							Follow-up to Productores de Sebaco
Empresa San Marcos							Follow-up to 7(+1) CBEs from SAADEP
Cooperativa Pueblo Nuevo							
Cooperativas Unidas de Mancotal							Follow-up to Bullard Company
Lacteos del Rio							
COPESEPROC (Leon)							
EMPROLOCSA (Villa Nueva)							
Ubu Norte							

Kenya

	1996		1997				1998				1999				2000				2001				Comments
Client	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Dairy Businesses																							
Manyeso Dairy S.H.Group																							The Community Business Enterprise was unable to achieve economies or
																							organizational requirements to become a sustainable business.
Siongiroi Dairy Plant																							The 3 yr TNS support led to a sustainable and growing
																							rural business able to compete and market itself in the formal sector
Farm Fresh Dairy																							A microenterprise with potential to develop into a sustainable business
SpinKnit Eldoret C.P.																							A corporate owned well established milk cooling center which provides
																							TNS/Kenya with a hub of ancillary Microenterprises that TNS/Kenya can support
Nyala Dairy Plant																							An enterprise owned by 3,500 farmers. Great potential. Expected business
																							commencement is February 2002.
Cow Fresh																							A microenterprise dairy processor with the potential to provide an
																							alternative, more reliable market for over 30 local smallholder producers
BDS Providers																							
Nairobi BSC																							Currently operating as a TNS/Kenya facilitation center, working with 10
																							Low Cost BDS Providers
Meru BSC																							Operating as a private enterprise without TNS support
Nakuru BSC																							Operating as a private enterprise without TNS support. A trend is emerging
																							where the center is working with large enterprises that can pay more.

Annex B: Detailed Implementation Plan Table*

Goal/Objective/ Activity	Indicator	End of Project Target	Accomplishment	Data verified? ¹	Explanation for Change in Indicator or Target, if any ²	Target Met?
Goal: Build institutional capacity to promote equitable rural growth and provide sustainable services to the rural poor.						
Objective 1: Community Level: Improve impact and capacity of community-based organizations (CBOs)/enterprises (CBEs).						
Activities for Obj. 1	(a) Increase Economic Impact	<ul style="list-style-type: none"> • 300 CBOs/CBEs • 328,500 direct beneficiaries • New Jobs created • Increased community investment • Increased enterprise / family income 	<ul style="list-style-type: none"> • According to 12/2001 data TechnoServe is working with 21 businesses in Latin America (target 120) and 164 businesses in Africa (target 135). 69% (113) of businesses reached are in Ghana that is using traditional CBE methodology. • In Latin America TechnoServe is serving 3,770 beneficiaries (target 148,000) and in Africa 8,158 (target 97,500) • In addition 795 jobs have been created in Latin 	Evaluation team visited businesses in Nicaragua and Kenya only. Data from TNS Core Indicators table for totals	<ul style="list-style-type: none"> • Reasons for discrepancy discussed at length in report. Businesses served are larger on average, some represent several CBEs rolled together, but much of difference reflects newly emerging TechnoServe strategy. • Large difference in beneficiaries represents in part, a much more restrictive definition. Now only number of producers and permanent employees are counted. Before producers and all family members, plus full, part-time and seasonal employees and family members. • Most enterprises visited in start up phase. Beneficiaries should 	No, but USAID well aware of changes in strategy and implications although no formal change in DIP made See full report for details

¹ Enter "Y", if data were verified by evaluators and "N" if it was not possible for evaluators to substantiate PVO data.

² Enter any revisions to indicators during the life of the project as well as any changes in targets for indicators. Describe approval process for change.

Goal/Objective/ Activity	Indicator	End of Project Target	Accomplishment	Data verified? ¹	Explanation for Change in Indicator or Target, if any ²	Target Met?
			America and Africa.		expand as they come on line and expand	
	(b) Increase Social Impact	<ul style="list-style-type: none"> Improved household food availability and accessibility Gender balance in ownership and employment Increased adoption of environmentally sound practices 	<ul style="list-style-type: none"> The majority of the CBOs/CBEs are predominantly male owned and managed, but there is an awareness to integrate women more. No information on food availability In Nicaragua emphasis on organic production in vegetable some businesses. 	Partially for environmentally sound production.	No changes	Unknown Requires more comprehensive evaluation than the team was able to provide
	(c) Increase Business Sustainability	<ul style="list-style-type: none"> At least 65% of CBOs/CBEs showing sustainability through increased business net worth 	<ul style="list-style-type: none"> At this stage in the strategic transition, this information is not available. 	No	No changes	Unknown
	(d) Increase Client Participation & Commitment	<ul style="list-style-type: none"> Increased CBO / CBE membership Increased capital contributions 	<ul style="list-style-type: none"> Number difficult to compare because of changed definitions. No overall figure on capital contributions, but members of cooperative businesses made major shareholder investments. 	Yes Shareholder contribution for businesses visited	No changes	Yes

Goal/Objective/ Activity	Indicator	End of Project Target	Accomplishment	Data veri- fied? ¹	Explanation for Change in Indicator or Target, if any ²	Target Met?
	(e) Create Greater Integration into Market Economy	<ul style="list-style-type: none"> Increased partnerships and linkages with the private sector Increased access to credit 	<ul style="list-style-type: none"> TNS is especially strong in this area. Every CBO has a link to the private sector, and many have been able to access credit, with the help of TNS as liaison. 	Yes	No change	Yes
	(f) Improve Organizational Management, Have in Place and In Use	<ul style="list-style-type: none"> Proper governance systems Financial management systems Business Plans Impact measurement systems 	<ul style="list-style-type: none"> All CBOs have governance and financial systems, but their strength and maturity varies widely. Most CBOs have Business Plans Core indicators measure progress of the businesses and number of producers but do not measure ongoing performance of graduated businesses or the impact at the producer and family level. 	Yes	No changes	Yes

Objective 2: Institutional Level: Improve capacity of local NGOs and other private/public institutions that support rural growth.						
Activities for Obj. 2	(g) Improve TNS' Services to NGOs & Institutions	<ul style="list-style-type: none"> Increased demand for services Increased levels of cost recovery from fees for services 	<ul style="list-style-type: none"> TNS field offices are requested by donors and the private sector to carry out feasibility studies. This shows increased demand for their market intelligence. 	Yes for Nicaragua and Kenya	<ul style="list-style-type: none"> Building the capacity of NGOs and local institutions was a major objective of the Matching Grant. TechnoServe's new strategy is to work directly with enterprises. (See body of study for details) 	No New strategy does not emphasize local institution building
	(h) Improve Institutional Capacity of 50 Clients. Have in Place and Use:	<ul style="list-style-type: none"> Proper governance systems Financial management systems Business Plans Impact measurement systems 	<ul style="list-style-type: none"> New strategy does not focus on the building of local institutions 	Yes Nicaragua and Kenya	<ul style="list-style-type: none"> TNS thought that local institutions did not have the capacity to push the envelope forward as TechnoServe developed its global market private sector strategy. 	No
Activities for Obj. 3 FIELD LEVEL	(i) Expand and Improve Technical Assistance	<ul style="list-style-type: none"> Increased impact per core indicators Exceed cost-effectiveness ratio of 3 to 1 based on sample analysis Enhanced capacity in "new" product lines, i.e. rural finance, marketing, environmental enterprise and organizational development in line with local needs. 	<ul style="list-style-type: none"> Core indicators show growth between 6/00 and 12/01 showing that new strategy is gaining momentum. TechnoServe claims historic average Cost-Effectiveness ratio of 5 to 1, but strategic shift has no doubt reduced this somewhat. The entire thrust of the effort has focused on developing TNS 	Yes Based on observations from Nicaragua and Kenya	<ul style="list-style-type: none"> All of TechnoServe's efforts were focused on supporting its businesses. Many sources of rural finance were used but capacity was not developed. While most of TNS's efforts focused on developing the organizational capacity of the enterprises, virtually none was focused on developing local organizations. One environmental enterprise business was observed in Kenya that sold appropriate technologies. 	Partially.

			businesses			
	(j) Achieve “Critical Mass” Levels of Impact	<ul style="list-style-type: none"> Increased # of strategic alliances Increased policy level impact 	<ul style="list-style-type: none"> Strategic alliances exist with many private companies, and international and local NGOS to a lesser extent. Although true throughout TNS, in Kenya especially, there is increased policy level impact, as the RTAA team is often asked to contribute to industry and policy decisions. 	Yes	No changes	Yes
	(k) Improve Funding Diversification	<ul style="list-style-type: none"> Increased local cost-recovery Improved local fund raising More diversified funding mix 	<ul style="list-style-type: none"> Short-term consulting contracts defray a small portion of operating costs. Less fundraising is done locally than internationally. Most TNS offices have at least 4 funding sources but overall tendency has been an increased dependence on US Gov’t. Sources.. 	Yes In field and through records	<ul style="list-style-type: none"> TNS costs in relation to the profits of the enterprises are too high to have fees represent a significant % of cost. TechnoServe has depended more on US government sources because these sources were comparatively easily available. 	No
	(l) Enhance Field Capacity	<ul style="list-style-type: none"> Field Operations Project Management Country Program Management Program Marketing Financial Management MIS 	<ul style="list-style-type: none"> Excellent field capacity. Sound management in all aspects. One of TechnoServe’s greatest strengths is the quality of its staff and its 	Yes	No changes	Yes

		<ul style="list-style-type: none"> Human Resources and Administration 	management across the board.			
Activities for Obj. 3 CORPORATE LEVEL	(m) Improve Field Service Orientation at Headquarters	<ul style="list-style-type: none"> Re-definition of headquarters' role Enhanced technical assistance in product lines and core competencies 	<ul style="list-style-type: none"> One of the most important achievements under this Matching Grant has been the top to bottom restructuring of headquarters and the field offices and greatly increased technical capacity 	Yes	No changes	Yes
	(n) Achieve Recognition as Senior PVO and Development Partner	<ul style="list-style-type: none"> Expanded publication series Recognized leader in rural enterprise development and related fields 	<ul style="list-style-type: none"> While early on some publications were produced, the effort was reduced pending solid findings via the new strategy. TNS is the recognized leader in a market oriented, private sector approach to rural development that has the capacity to deal with the realities of the global market. 	Yes	No changes	Yes
	(o) Improve Financial Health and Sustainability	<ul style="list-style-type: none"> Diversified funding base 33% increase in U.S. private funding 66% increase in non U.S. Government funding 	<ul style="list-style-type: none"> The downside of TechnoServe's major expansion was increasing dependence on US government funding sources. 	Yes	<ul style="list-style-type: none"> Although TechnoServe's budget has increased from almost \$7,000,000 to more than \$15,000,000 a year most all of that increase in the budget was accounted for by US 	No

			<ul style="list-style-type: none"> • US private sector funding has increased by 16% • 26% increase in non US government funding 		Government fund. Comparatively large investments in private sector fundraising efforts have only begun to show results	
	(p) Enhance Quality Assurance Capacity	<ul style="list-style-type: none"> • Improved training programs • Improved monitoring & evaluation systems and procedures • Improved management information systems 	<ul style="list-style-type: none"> • TechnoServe has made a major effort to retrain its existing staff and orient its new staf. • It developed a new core indicators monitoring system that reflects TechnoServe's priorities for business development • Its MIS system collects the data needed on a timely basis. 	Yes	No change	Yes
	(q) Improve Self-Learning and Analytical Capabilities	<ul style="list-style-type: none"> • Expanded R & D function 	<ul style="list-style-type: none"> • There is substantial investment in research and development in marketing and developing new products and improved processing capacity 	Yes	No changes	Yes

*Annex C: Evaluation Scope of Work **

Final Evaluation of TechnoServe's 1996 – 2001 Matching Grant Program:

“Promoting Sustainable Rural Growth”

I. PROGRAM IDENTIFICATION

Grantee:	TechnoServe, Inc.
Cooperative Agreement:	FAO-0158-A-00-6045-00
Dates of Evaluation:	November 2001 – January 2002
Sites to be visited:	TechnoServe and USAID offices in Washington, D.C.; TechnoServe headquarters in Norwalk, CT.; TechnoServe offices, USAID offices and program sites to be determined in Nicaragua, El Salvador, Kenya and Tanzania

II. PROGRAM BACKGROUND

Since its establishment in 1968, TechnoServe has focused on assisting entrepreneurial men and women in poor rural areas of the developing world create and grow businesses, thereby creating jobs, raising family incomes and generating economic growth for their communities and countries.

TechnoServe's Matching Grant (MG) Program, was a five-year (1996-2001) \$8,000,000 effort supported by \$4,000,000 in grant funding from the U.S Agency for International Development's Bureau for Humanitarian Response Office of Private and Voluntary Cooperation (AID/BHR/PVC). The MG was intended to help TechnoServe “strengthen and expand [its] development ‘toolkit’ ... [enabling it to offer] ... the most effective mix of skills and knowledge possible...” to promote sustainable rural growth.

This Matching Grant Program (MGP) was designed based upon the findings and recommendations of the final evaluation of TechnoServe's previous Matching Grant, which ended in 1996. Among the key recommendations of that evaluation were that TechnoServe:

- structure a deliberate and participatory “change process” encompassing program modernization/experimentation and strategic planning;
- diversify its funding base, especially beyond USAID; and
- further develop TechnoServe's thinking and strategies regarding project and program “graduation.”

Initially the Grant was available for use in five countries: Nicaragua, El Salvador, Peru, Ghana, and Tanzania. In December 1997, the Panama program was approved for inclusion. Later, when the Panama program was closed, the Kenya program was added.

Importantly, in addition to offering support for field-level project activities, and training and development for TechnoServe staff, the Matching Grant Program has supported a far-reaching corporate strategic review and planning effort, and continues to support its implementation. This new strategy, already well advanced in implementation, entails major changes in TechnoServe's client selection, assistance methodology, staffing composition and partner relationships.

However, based on thorough discussions with PVC, it was agreed that no formal amendment to the Grant or to the Detailed Implementation Plan was necessary -- the third annual report was intended to translate and adapt the original goals of the Matching Grant to fit within TechnoServe's new strategy. Examination of this strategy and TechnoServe's use of the Matching Grant in its implementation forms an important component of this evaluation.

III. PURPOSE OF THE EVALUATION

This evaluation is intended to:

- 1) fulfill the requirements and needs of USAID/BHR/PVC and its Matching Grant Division, and
- 2) assist TechnoServe in assessing its performance under this MG and in improving the implementation of its strategic plan, towards efficient and cost-effective service delivery and mission achievement.

PVC will use the information collected in this evaluation to assess how well this MG is meeting its objectives; to determine patterns and emerging issues across all MG funded programs; to determine technical support needs for grantees; to shape new RFAs and to review any follow-on proposals; develop internal and external documents to demonstrate the effectiveness of the MG program and to share lessons learned with the entire PVO community. PVC will use information gathered in its annual Results Report and in USAID's annual report to Congress.

TechnoServe will use the evaluation results to assess its fulfillment of grant obligations, look at the progress to date in implementing its new strategy and help it plan for the future. The results will also be used to inform the development of the Detailed Implementation Plan (DIP) for TechnoServe's new MG.

Accordingly, this evaluation will:

- 1) Identify and assess the ways that PVC funding and MG resources have been used in support of the overall program goal, i.e. "to build local capacity to promote rural economic growth -- empowering the rural poor in Latin America and Africa to achieve sustainable economic and social improvements in their lives through a process of enterprise development." (Matching Grant Agreement, 9/96)
- 2) Review and assess achievements against specific MG program objectives and targets
- 3) Review and assess progress to date in strategic plan implementation
- 4) Make recommendations for the future

IV. EVALUATION QUESTIONS

The external evaluator will lead the evaluation team (to include an internal TechnoServe evaluator) in assessing TechnoServe's MG program efforts and results, both corporately and at the field level. The evaluation will examine and assess MG supported work with:

- Local businesses;
- Community based organizations (CBOs); non-governmental organizations (NGOs) and other private and public entities; and
- Within TechnoServe itself, both corporately and in MG program countries, i.e. Ghana, Tanzania, Kenya, El Salvador, Nicaragua, and Peru.

The evaluation will look at TechnoServe's progress in achieving MG program objectives as stated in the MG proposal, the Grant Agreement, the Detailed Implementation Plan (DIP) and the Annual Grant Reports. The evaluation will also review and assess TechnoServe's progress in implementing its strategic plan, and make recommendations to optimize prospects for future achievements.

Time and budget limitations will not support travel to all MG country programs. The evaluation team will travel to at least three of the following four countries: Nicaragua, El Salvador, Kenya and Tanzania. Alternative arrangements will be made to get information from MG countries not visited, e.g. written responses to questions, telephone interviews, etc., to supplement that available through TechnoServe's regular reporting channels.

The evaluation report should provide analytic responses to all specific issues and questions raised in this Statement of Work. The report should include quantitative information -- preferably presented as tables and charts -- where possible and appropriate. Succinct descriptions of local project circumstances should be provided as necessary to help the reader understand the context for the evaluators' analyses.

The evaluators will carefully document the sources of all data and, as requested, provide PVC with details of all analyses, including the primary data. However, it is understood that TechnoServe, not the external evaluator, is responsible for the compilation of all primary data, other than that gathered by the evaluators directly via interviews, etc. The external evaluator bears the overall final responsibility for successful accomplishment of the evaluation, including the evaluation design, report content, and final report preparation.

The following pages provide a framework of the specific evaluation issues.

A. PROGRAM IMPLEMENTATION

Under this heading the evaluation will discuss and assess change and current competency and effectiveness of TechnoServe in providing technical assistance to client businesses and organizations.

1. Progress towards each major MGP objective:
 - Number of assisted client businesses
 - Creating new client linkages with the private sector
 - Client use of proper management and governance systems
 - Client use of proper financial management systems and techniques
 - Client development and use of business plans
 - Client use of management information systems

- Percent of clients operating profitably
- Increased annual sales of client businesses
- Increased net profits of client businesses
- Increased added value of client businesses
- Increased net worth of client businesses
- Increases in sales to client businesses by the rural poor
- Increased salaries and wages paid by client businesses
- Employment generated by client businesses
- Dividends paid to low-income shareholders by client businesses
- Increase in TechnoServe's U.S. private funding
- Increase in TechnoServe's non-AID funding
- Improved cost-effectiveness of TechnoServe assistance

Specifically:

- Compare results achieved to those projected.
- Identify major constraints encountered and solutions implemented.
- Identify and explain major successes and shortfalls.
- Assess effectiveness of models and approaches used.

Identify major successes and constraints in achieving objectives, as well as unanticipated effects.

Assess how monitoring and evaluation systems and results feed into program planning and decision-making.

2. Status of partnerships with external agencies, including NGOs, government, businesses, bi-lateral and multi-lateral agencies, etc.

- How does TechnoServe define and apply tactical and strategic partnerships in its programming?
- Characterize, with examples, the use of partnerships with:
 - Local partners
 - Regional partners
 - International agencies/businesses
- How does TechnoServe assess and manage partner relationships?
- How do TechnoServe's partner agencies view and value their relationship with TechnoServe?
- Present in graphic or matrix form, TechnoServe's partner relationships.

3. Major implementation lessons learned and recommendations

- List and explain specific lessons learned to date.
- Offer recommendations focused on how TechnoServe can optimize its overall impact within its new strategy in terms of:
 - broad income benefits,
 - cost-effectiveness of service provision, and
 - sustainability of service delivery and impacts.

B. Management Capacity/Institutional Strengthening

Under this section discuss and assess overall change and current competency in TechnoServe's organizational management attributable and relevant to the MG Program.

1. Strategic approach and program planning

- What changes have occurred in the organization's defining program strategies?
- How have these changes been developed and implemented?
- What is the current status of that implementation?
- Review and comment on changes in TechnoServe's ability to apply strategic thinking and planning to its program development and implementation.
- Assess TechnoServe's implementation of its new strategy.
 - Is there broad understanding and commitment to the strategy?
 - Has adequate investment been made in staff training and redeployment?

2. Country level initiatives

Identify and assess TechnoServe's cooperation and coordination with USAID missions and other development partner programs including national and local government agencies.

Identify and assess how TechnoServe has used and shared project data and lessons learned for advocacy with the public sector or consistently shared lessons learned with other PVOs in country or with non-partner NGOs?);

3. Monitoring and evaluation

Review and comment on TechnoServe's ability to effectively monitor program performance, measure impact and act on the results. Has TechnoServe:

- acted on recommendations from the mid-term evaluation?
- established results oriented objectives and valid indicators for its activities – e.g. does it collect valid baseline data, and make realistic plans to collect end-of-project data and analyze differences; does it analyze performance data and use findings for management decision-making.
- improved the knowledge and skills of field staff on how to measure performance and analyze data?

Identify how the MG has contributed to TechnoServe's sustainable capacity at headquarters and in the field offices to monitor project performance and measure effects and impact.

Identify the biggest constraints to improving project monitoring and evaluation and, as possible, make recommendations for surmounting them.

4. Sustainability

- How does TechnoServe address issues of impact sustainability?
- How does TechnoServe address issues of sustainability of the services themselves?

5. Financial

- What progress has TechnoServe made in reducing its dependency on USAID funding?
- Review and comment on TechnoServe's financial monitoring systems: are they capable of providing prompt and accurate information on revenues, expenses and other relevant data, such as loan portfolios?
- How has TechnoServe done in meeting its match requirements of this grant?

6. Other

- Logistics - review and comment on TechnoServe's ability to meet time-sensitive deadlines, e.g. procurement needs, staff recruitment; reporting, proposal preparation.
- Supervision - does TechnoServe employ, both in headquarters and in the field, adequate numbers of staff with appropriate management and technical skills to lead and oversee program activities?
- Human Resources Development - review and comment on TechnoServe's systems and capability to assess staff training needs and improve staff skills, both internally and in client businesses and organizations

7. Major management capacity/institutional strengthening lessons learned and recommendations

- List and explain specific lessons learned to date.
- Offer recommendations focused on how TechnoServe can optimize its overall impact in terms of:
 - Internal planning processes
 - Internal management and organization
 - The use of partners and partnerships
 - Program monitoring and evaluation
 - Human resource development

V. EVALUATION METHODOLOGY

The evaluation process shall begin with a preliminary review of grant documentation. Next, at the Team Planning Meeting the full evaluation team shall meet with PVC staff to confirm the evaluation process and execution schedule, based on prior work by MSI and TechnoServe staff.

The principal tool of the evaluation team will be directed interviews. The evaluation team will conduct individual or group interviews, some by telephone and/or other means, such as email, with a range of persons and agencies involved directly or indirectly with TechnoServe's MGP, including:

- TechnoServe Board members and officers, TechnoServe headquarters and field-level staff
- USAID staff at PVC, at country missions, and others, as identified
- Client groups and representatives of client businesses
- Representatives of partner businesses and agencies, in the U.S. and in the field

TechnoServe staff will help to identify and arrange these interviews.

The evaluation team will review and analyze program data, as well as relevant previous studies and evaluations.

The evaluators will also review corporate and program documents, such as the following, plus others to be suggested by TechnoServe.

- Final Evaluation of the TechnoServe Matching Grant, September, 1995
- Promoting Sustainable Rural Growth, TechnoServe's MG Application, November, 1995
- USAID Matching Grant 1997-2001, Grant Agreement, September 1996
- Detailed Implementation Plan, March 1997
- Mid-Term Matching Grant Evaluation Report, July, 1999
- First Annual Report, January, 1998
- Second Annual Report, October 1999
- Third Annual Report, May 2000
- Fourth Annual, August 2001
- TechnoServe's Strategic Plan, September 1998
- "Building the Engines of Rural Growth," Strategic Plan Document, July 1999
- Documentation on TechnoServe's planning, monitoring and evaluation systems
- Country Program Annual Plans
- Core Indicator Reports
- Cost-Effectiveness Studies
- Business, Industry and Sub-Sector Studies
- Marketing and Fund-Raising materials

Achievements cited in the evaluation need to be supported by evidence and should be verifiable.

Observations on data quality or constraints to interpretation should be clearly stated, as data from these evaluations is used for USAID reporting purposes and is subject to audit. Technical/program opinions and observations are an important element of the evaluation -- but should be clearly distinguished from documented facts, and stated as the evaluators' estimate, opinion or forecast.

VI. TEAM COMPOSITON AND PARTICIPATION

MSI will provide a senior Spanish-speaking consultant familiar with private sector business development in Latin America and Africa as the evaluation team leader. She shall be responsible for final activity design and leadership, write the evaluation report and lead all subsequent debriefings.

TechnoServe will appoint a senior staff member as internal evaluator to be a full member of the evaluation team. He will be responsible for providing all relevant and required TechnoServe materials

and information and coordinating the evaluation teams travel and interactions with TechnoServe staff, Board and partners.

VII. SCHEDULE

The following table presents the schedule for execution:

	SUN	MON	TUES	WEDS	THURS	FRI	SAT
Oct		1	2	3	4	5	6
		Document Review	Document Review	Document Review	Norwalk, CT	Norwalk, CT	
	7	8	9	10	11	12	13
		Document Review	Document Review	Team Planning Meeting, Wash., D.C.			
	14	15	16	17	18	19	20
	21	22	23	24	25	26	27
		Travel to Nicaragua	Nicaragua	Nicaragua	Nicaragua	Nicaragua	Nicaragua
	28	29	30	31	1	2	3
	Nicaragua	Nicaragua	Nicaragua	Travel to US			
Dec	4	5	6	7	8	9	10
	11	12	13	14	15	16	17
	18	19	20	21	22	23	24
	25						
	2	3	4	5	6	7	8
	9	10	11	12	13	14	15
	16	17	18	19	20	21	22
	23	24	25	26	27	28	29
			CHRISTMAS				
	30	31	1 JANUARY	2	3	4	5
			NEW YEAR'S DAY				

Jan.	6	7	8	9	10	11	12
				Travel to Kenya	Kenya	Kenya	Kenya
	13	14	15	16	17	18	19
	Kenya	Kenya	Kenya	Kenya	Kenya	Kenya	Return to US
	20	21	22	23	24	25	26
	27					1 FEBRUARY	2

VIII. REPORTING AND DISSEMINATION REQUIREMENTS

This Scope of Work will form the basic outline for the written evaluation report. This report not to exceed thirty single-spaced pages, including the executive summary, plus appendices.

Once the complete draft report is submitted, TechnoServe and PVC will have two weeks to submit their formal comments and requests for changes. Two weeks later the final report is due. The final report should be delivered as follows:

- to Martin Hewitt, Chief MGD/PVC/BHR/AID, RRB 7.06-071, 1300 Pennsylvania Avenue NW. Wash, D.C. 20523 - two copies bound, one unbound copy, and all final efiles
- to Laura Kletter, TechnoServe Inc, 49 Day Street, Norwalk, CT 06854 – three copies bound, one unbound copy, and all final efiles

Within one week of final report dissemination, a formal debriefing meeting will be held in Washington, D.C.

All TechnoServe materials provided to the consultants for purposes of this evaluation shall be deemed confidential and proprietary, and shall not be disseminated to any others without prior written approval from TechnoServe. All materials provided shall be returned to TechnoServe once the final report has been submitted and accepted.

Annex D: Advocacy Implementation Chain*

Nicaragua

Responsible Organization (Type) ⁵	Advocacy Capacity Improvement Activities ⁶	Organization(s) targeted for improvement	Advocacy policy Targets and (institution targeted)	Actual Advocacy Events	Policy changes realized	Comments
National Level						
TNS	Demonstration of practical models for involving small farmers in commercial activities.	Private sector processors and marketers of agricultural products	Private sector businesses, NGOs and government agencies promoting rural development. Donors funding innovative efforts.	No specific events but concrete TNS successes demonstrate that it is possible to link small holders to profitable markets	Private sector and other NGOs copying TNS approach/ philosophy	The best advocacy may be developing a successful model that others can appropriate. As small holders recognized they will have a greater voice in regulatory matters.

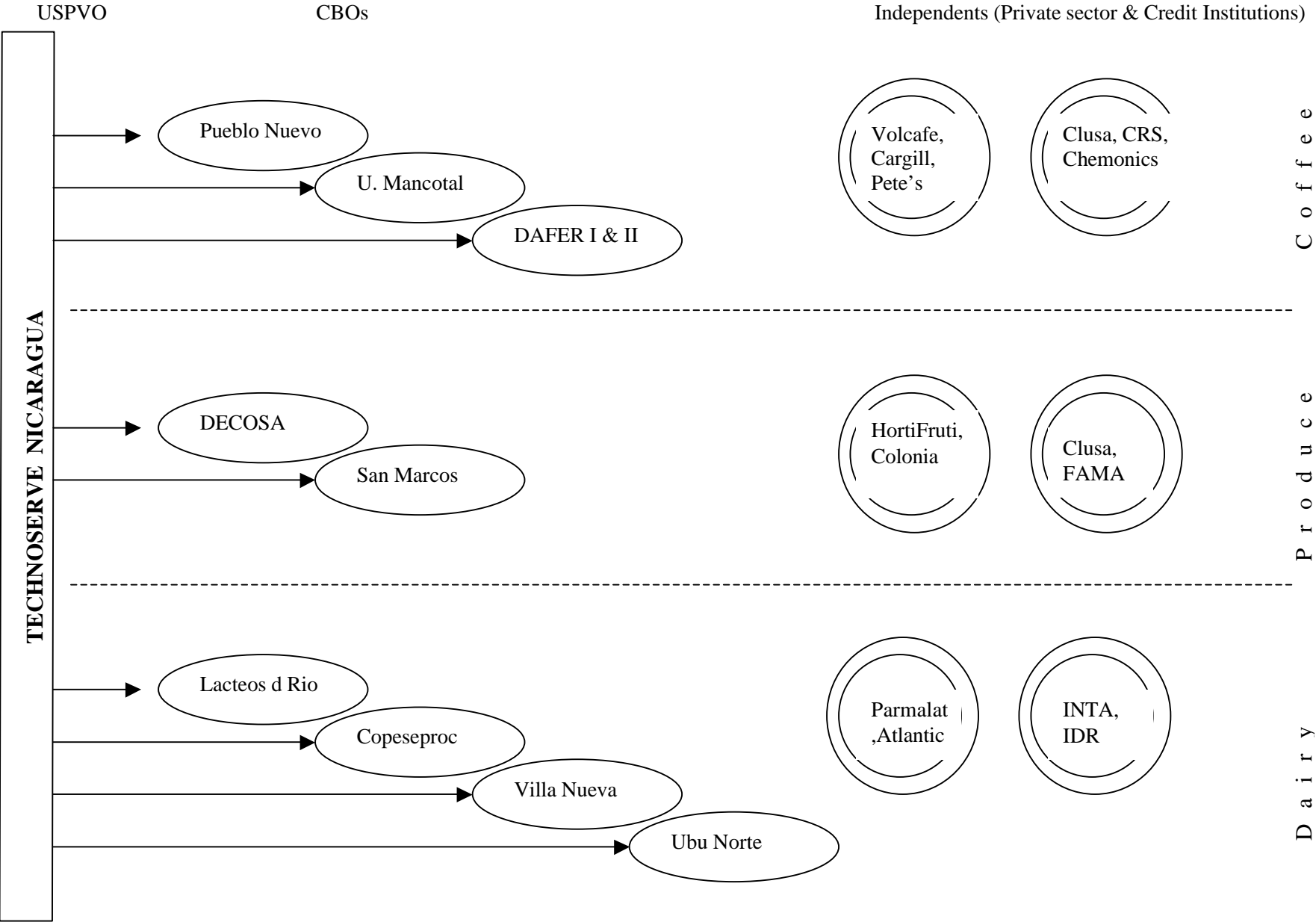
⁵ Describe in parentheses as USPVO, LNGO, Gov't., business, etc.

⁶ List as separate rows advocacy activities that an organization does directly by itself (such as a USPVO advocating directly with government or establishing policy forums), and tactics where an organization strengthens another organization to perform the advocacy (such as when a USPVO strengthens LNGO capacity to conduct advocacy.)

Kenya

Responsible Organization (Type)	Advocacy Capacity Improvement Activities	Organization(s) targeted for improvement	Advocacy Targets (policies) and institution targeted	Actual Advocacy Events	Policy changes realized	Comments
National Level						
TNS	Regional Trade Analytic Agenda (RTTA)	Governments of countries in region	Facilitate/streamline trade between African Nations	Series of publications, forums since 1994	Much greater awareness of the obstacles to free trade between countries	This body of work provides the detailed analysis for improving trade between these countries
TNS	Demonstration of practical models for involving small farmers in commercial activities.	Private sector processors and marketers of agricultural products	Private sector businesses, NGOs and government agencies promoting rural development. Donors seeking to fund innovative approaches.	No specific events but concrete TNS successes demonstrate that it is possible to link small holders to profitable markets	Private sector and other NGOs copying TNS approach philosophy	The best advocacy may be developing a successful model that others can appropriate. As small holders recognized they will have a greater voice in regulatory matters.

Annex E: Partnership Table, Nicaragua



Annex E: Partnership Table, Kenya

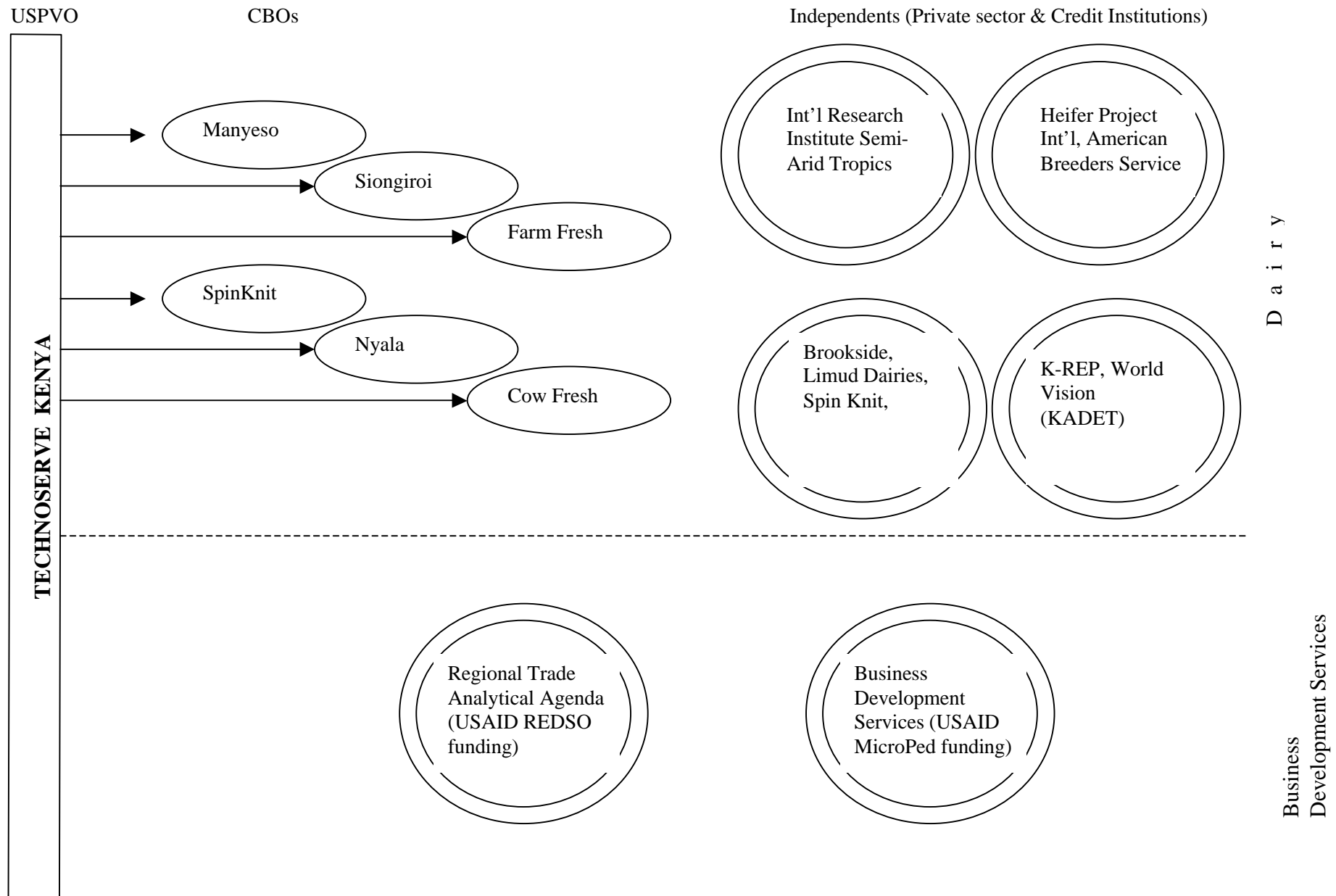


Table E 1: Nicaragua Partnership Table

Level	Organizations	Organization Type ⁷	Agreement type ⁸	Role/Responsibility ⁹	Funding level, source, and autonomy ¹⁰	Quality and outcome of Partnership ¹¹
Primary Local Partners ¹²	DECOSA	Local, private business (vegetables)	MOU	Institutional Strengthening	Partner pays fees for TNS services.	On-going relationship, mutually beneficial.
	SAADEP II	Local cooperative (vegetables)	Informal	Finance and Administration, Institutional Strengthening	\$ from PL 480	On-going relationship, mutually beneficial.
	Pueblo Nuevo	Local Cooperative (coffee)	Formal working Proposal	Finance and Administration, Institutional Strengthening	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	On-going relationship, mutually beneficial.
	Mancotal	Local Cooperative (coffee)	Formal working Proposal	Finance and Administration, Institutional Strengthening	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	On-going relationship, mutually beneficial.
	Lacteos del Rio	Local Cooperative (dairy)	Formal working Proposal	Finance and Administration, Institutional Strengthening	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	On-going relationship, mutually beneficial.

⁷ For example, LNGOs, affiliates of the PVO, private or commercial groups, cooperatives, community-based organizations, regional or local governments or intermediate service organizations. Add any characterization that is useful to your analysis (for example, environmental, anti-corruption, new organization, etc.)

⁸ For example, MOU, sub-grant, contract

⁹ For example, service delivery, aggregation of interests, target of institutional strengthening, or others.

¹⁰ USD equivalent of funds provided through the grant and degree of autonomy that organization has over expenditure. Indicate source of funds (USPVO, affiliate, LNGO, or sub-awardee, or other support organization) for funds trickling down from MG.

¹¹ Was Partnership successful? Is it still ongoing? Growing? Has it terminated as planned? What are organizations' (USPVO and other organizations') perception of the quality of the Partnership?

¹² Receiving funds directly from the USPVO.

Level	Organizations	Organization Type ⁷	Agreement type ⁸	Role/Responsibility ⁹	Funding level, source, and autonomy ¹⁰	Quality and outcome of Partnership ¹¹
	Copeseproc	Local cooperative (dairy)	Formal working Proposal	Finance and Administration, Institutional Strengthening	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	On-going relationship, mutually beneficial.
	Villa Nueva	Local cooperative (dairy)	Formal working Proposal	Finance and Administration, Institutional Strengthening	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	On-going relationship, mutually beneficial.
	Ubu Norte	Local cooperative (dairy)	Informal	Finance and Administration, Institutional Strengthening	Part-time TNS employee over 1 quarter / USPVO / autonomy as requested.	On-going relationship, mutually beneficial.
Partners that are “subs” to primary partners ¹³						
Implementation partners that do not receive funds	Horti Fruti	Produce Buyer	Informal	Negotiate contract for smallholder farmers	N/a	Insufficient data available
	La Colonia	Produce Buyer	Informal	Negotiate contract for smallholder farmers	N/a	Insufficient data available
	Volcafe	Coffee Buyer	Informal	Negotiate contract for smallholder farmers	N/a	Insufficient data available
	CISA Exportadora	Coffee Buyer	Informal	Negotiate contract for smallholder farmers	N/a	Insufficient data available
	Clusa	Microfinance Institution	Informal	Provide credit	N/a	Insufficient data available
	Catholic Relief Services	USPVO	Informal	N/a	N/a	Insufficient data available
	Parmalat	Dairy buyer	Informal	Negotiate contract for smallholder farmers	N/a	Insufficient data available
Customer partners						

¹³ Organizations that receive funds that are re-granted from TNC, through and intermediate primary partner.

Table E 2: Kenya Partnership Table

Level	Organizations	Organization Type	Agreement type	Role/Responsibility	Funding level/ autonomy	Quality and outcome of Partnership
Primary Local Partners	Nyala	Local Cooperative	Contract	Technical Assistance, liaison/advocates, institutional strengthening	Part-time TNS employee over 4 years / USPVO / autonomy as requested.	Excellent working relationship that will continue and be paid by membership fees of the partner to the USPVO.
	Siongoroi	Local Limited Liability Company	Contract	Technical Assistance, liaison/advocates, institutional strengthening	Part-time TNS employee over 3 years / USPVO / autonomy as requested.	Excellent working relationship that will continue as-needed, especially as signatory and co-negotiators of the annual marketing contract with buyers.
	Manyeso Self-Help Dairy	Local Cooperative	Contract	Technical Assistance, liaison/advocates, institutional strengthening	Part-time TNS employee over 2 years / USPVO / autonomy as requested.	No data available
	Farm Fresh	Local private business	Contract	Negotiator / facilitator in purchase of merchandise on credit, training of employees.	Part-time TNS employee over 2 years / USPVO / autonomy as requested.	No data available.
	Cow Fresh	Local private business	Contract	Market analysis and design of product	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	Insufficient data available
	Spin Knit, Ltd.	Local private business	Verbal agreement	Technical Assistance	Part-time TNS employee over 1 year / USPVO / autonomy as requested.	Healthy competition.
Partners that are “subs” to primary partners						

Implementation partners that do not receive funds	Meru Business Service Center	Local private business	Contract	Technical Assistance, liaison/advocates, institutional strengthening	\$ from USAID Microped Project (not MG)	On-going, close relationship
	Nakuru Business Service Center	Local private business	Contract	Technical Assistance, liaison/advocates, institutional strengthening	\$ from USAID Microped Project (not MG)	On-going, close relationship
	Nairobi Business Service Center	Local private business	Contract	Technical Assistance, liaison/advocates, institutional strengthening	\$ from USAID Microped Project (not MG)	On-going, close relationship
	Brookside Diary	Local private business	No agreement	Negotiate buying agreement w/ milk providers.	N/a	Insufficient data available
	Heifer Project International	USPVO	Informal	Co-implementation of Dairy Plants	N/a	Insufficient data available
	American Breeders Service	US private business	Informal	Facilitate buying of supplies for farmer supply stores.	N/a	Insufficient data available
	Coca-Cola	Int'l private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available
	British-American Tobacco	Int'l private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available
	Marun Engineering	Local private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available
	WEDA Fabricators	Local private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available
	United Metal Fabricators	Local private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available

	Ilara Dairy	Local private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available
	Local Bakers	Local private business	Informal	Provided recipes to Business Development Service Providers	N/a	Insufficient data available
	Bid Co. Oil Refineries	Local private business	Informal	Discounted rates to Business Development Service Centers and Providers	N/a	Insufficient data available
	Farmer's Choice	Local private business	Informal	Assisted in school lunch program	N/a	Insufficient data available
	Action Aid	NGO	Informal	Contribute to Business Development Service Providers	N/a	Insufficient data available
	World Vision	NGO	Informal	Provide credit to Business Development Service Providers	N/a	Mutual respect, seek to complement (not duplicate) one another's efforts.
	FITS Resources	Local private business	Informal	Contribute to Business Development Service Providers	N/a	Insufficient data available
	National Women's Org.	Local private business	Informal	Contribute to Business Development Service Providers	N/a	Insufficient data available
	PAKAU	Local private business	Informal	Contribute to Business Development Service Providers	N/a	Insufficient data available
	SOS	NGO	Informal	Contribute to Business Development Service Providers	N/a	Insufficient data available

Table E 3: El Salvador Partnership Table

Level	Organizations	Organization Type	Agreement type	Role/Responsibility	Funding level/ autonomy	Quality and outcome of Partnership
Primary Local Partners	CCA	Local, private concentrated food and dairy factory.	Informal	Quality Control, growth and market diversification, links with Ministry of Agriculture	1.25 technical assistance provider	On-going relationship, mutually beneficial.
	USULUTAN II	Local, private shrimp, fruits and vegetables business	MOU	Market linkages, TA in production, commercialization and business mgt., linkages with national banks, investment fund, Ministry of Agriculture	1 technical assistance provider	On-going relationship, mutually beneficial.
	FUNPROCOOP	Local, private Fruits and vegetables and basic grains business	MOU	Market linkages, TA in production, commercialization and business mgt., Linkages with investment fund, Ministry of Agriculture	1 technical assistance provider	On-going relationship, mutually beneficial.
	FUNSALPROD ESE	Local, private Fruits and vegetables business	MOU	Market linkages, TA in production, commercialization and business mgt., Linkages with investment fund, Ministry of Agriculture	1 technical assistance provider	On-going relationship, mutually beneficial.

	FESACORA	Local, private coffee business	MOU	Market linkages, TA in production, commercialization and business mgt., Linkages with Ministry of Agriculture	1 technical assistance provider	On-going relationship, mutually beneficial.
	CORDES	Local, private Fruits and vegetables business	MOU	Market linkages, TA in production, commercialization and business mgt., Linkages with Ministry of Agriculture	1 technical assistance provider	On-going relationship, mutually beneficial.
	FEDARES	Local, private Fruits / vegetables & agricultural products business	Informal	Market linkages, TA in production, commercialization and business mgt., Linkages with Ministry of Agriculture	Part-time TA provider	On-going relationship, mutually beneficial.
	EL PITAL	Local, private Vegetable business	MOU	Market linkages, TA in production, commercialization and business mgt., Linkages with national NGOs	Part-time TA provider	On-going relationship, mutually beneficial.

Annex F: Sustainability Analysis*

Table F 1: Nicaragua Sustainability Analysis

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
Government backsliding on commitments to private sector approach.		Progress for creating a favorable climate for investment has been stalled for several years.	Lessens local demand as population slides further into poverty, lack of investment for export markets.
Bribes paid at border crossing		Bribes to import unpasteurized cheese into El Salvador could limit market for pasteurized cheese produced for cooperative.	Yet to be seen if pasteurized moraliqye cheese will find a market in El Salvador in the face of unpasteurized cheese competition.
9/11 security concerns delays the importation of perishable goods		Imports limited to onions that can withstand security caused delays.	Streamlining of security procedures will make importation of a variety of vegetables possible thereby increasing profits to small holders.
Election of pro business, pro USA candidate	Election of new President will create a pro business climate in Nicaragua and encourage local and foreign investment.		
Institutional			
Government institutions in Nicaragua generally ineffective.		TechnoServe projects must depend largely on own resources.	Change of government may lead to better governmental services that could facilitate TechnoServe's work.
Financial			
MFI credit often tied to current clients. Loans too small or inappropriate or are simply not available to TechnoServe clients.		Limits capacity of producers to finance expansion production and purchase of inputs.	Better access to financing especially at level of producer required.
Informal credit too expensive a too short-term for producer needs		High interest rates lessen producer profits. Short term loans put land titles in jeopardy if framers cannot pay in time.	Access to appropriate credit for producers.

Table F 2: Kenya Sustainability Analysis

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
Corruption and violence discourages investment		Limited economic development	Difficulty in finding markets for products in national markets; difficulty in finding financing.
Exporting across borders difficult because of delays and bribes..		Limits the possibilities of cross border trade	Limits choice of productions and marketing options for products produced
Political insiders have virtual monopoly on certain products limiting new entrants.		Limits types of products that can be produced.	Political factors need to be kept continually in mind when decisions about what products TechnoServe supported enterprises will produce.
Institutional			
Weak and corrupt government institutions		No support from government for TechnoServe activities	TechnoServe must take on a larger role it would with good government support.
Mismanagement government influenced milk cooperative led to collapse of milk processing capacity	Created an opportunity for the developing new milk bulking, cooling and processing facilities.		TechnoServe was able to capitalize on the collapse of Kenya Cooperative Creamery to develop new dairy cooperatives.
Financial			
Economy in decline over last several years		Limited market for high quality products especially pasteurized milk	Limits expansion of TechnoServe supported enterprises. TechnoServe seeking low cost packaging options for milk to expand market to low income population.
Increasing “informalizacion” of the economy.	Creates an opportunity for microenterprise programs		TechnoServe creating Business Opportunity Centers focusing on developing private sector training businesses.

Table F 3: Headquarters Continuing Effort to Support Changes

Item	Supporting factors	Inhibiting factors	Conclusion
Political			
TechnoServe looks at the political context in addition to the market possibilities in each country		If TechnoServe did not have a long standing presence in Kenya it might have invested its resources elsewhere.	TechnoServe has adopted a strategic rather than an opportunistic approach. It will not go into countries that are highly unstable and have little potential or expand its operations into marginal regions that cannot compete in global markets.
Changes in USAID policy favor TechnoServe	For the first time in many years AID has a major focus on agricultural production..		TechnoServe is in the vanguard of the Global Development Alliance
Institutional			
Changing an institution's strategic focus implies comprehensive change	Major effort to change TechnoServe's strategy during Matching Grant		Changes included staffing, decentralization of decision making, improved MIS system and changes in the Board, among others.
Financial			
Need to diversity TechnoServe's sources of funding.		Lack of diversity in sources of funding puts TechnoServe at risk.	Doubling of investment in fundraising with hope of securing substantially more private sector funding.

Annex G: List of Persons Interviewed

Name, Title	Organization, Location
Peter Reiling, President and CEO	Technoserve HQ, Norwalk, Conn.
John Taylor, Director of Finance	Technoserve HQ, Norwalk, Conn.
Laura Johnson, Director of Marketing	Technoserve HQ, Norwalk, Conn.
Stacey Daves-Olin, Director of Admin/ HR	Technoserve HQ, Norwalk, Conn.
Oren Whyche-Shaw, Director for Africa	Technoserve Washington, DC
Luis Chavez, Director for Latin America	Technoserve HQ, Norwalk, Conn.
Steve Harris, Ph.D., Market Linkage Specialist	Home Office, U.K.
Susan Bornstein, Africa Program Manager	Technoserve, Washington, DC
Sabinas F. Anaele, Ph.D., Institutional Support Assistance Coordinator	Technoserve, Washington, DC
Leonard Fagot	USAID, Nicaragua
Ray Baum	USAID, Nicaragua
Paul Crawford	USAID, Nicaragua
Ernest Van Panhuys , Director	Technoserve, Nicaragua
Augusto Zelaya, former Director	Technoserve, Nicaragua
Hector Rayo, Manager – Coffee	Technoserve, Nicaragua
Freddie Halftermeyer, Advisor - Coffee	Technoserve, Nicaragua
Gustavo Lopez, Coordinator, SAADEP II	Technoserve, Nicaragua
Jose Adan, Pres. Coffee Cooperative	Technoserve, Nicaragua
Rolando Olivas, Technical Advisor	Technoserve, Nicaragua
Emilio Juarez, Advisor – DECOSA	Technoserve, Nicaragua
Alfredo Mayorga, Manager – Dairy	Technoserve, Nicaragua
Norman Montenegro, Advisor – Dairy	Technoserve, Nicaragua
Ronald Espinoza, Manager F&A	Technoserve, Nicaragua
Approx. 15 smallholder coffee growers	La Reforma Coffee Cooperative, Nicaragua
Approx. 15 smallholder coffee growers	La Porróna Coffee Cooperative, Nicaragua
Approx. 15 smallholder coffee growers	Pueblo Nuevo Coffee Cooperative, Nicaragua
Approx. 5 smallholder fresh produce farmers	Tomatoya Cooperative, Nicaragua
Approx. 5 smallholder fresh produce farmers	Namanji Cooperative, Nicaragua
Rodrigo Bermudez, Owner and Manager	Del Sol Corporacion, SA, Nicaragua
Approx. 5 smallholder dairy farmers	Leon, Nicaragua
Roberto Vega Lara, Director	Technoserve, El Salvador
Jose Gabriel Rosales, Project Coordinator	Technoserve, El Salvador
Gordon Kunde, Country Director	Technoserve, Kenya
Joe Mwangangi, Deputy Country Director	Technoserve, Kenya
Patrick Muraguri, Assistant Director, Dairy and Enterprise Development Division	Technoserve, Kenya
Erastus Kibugu, Business Advisor	Technoserve, Kenya
Chris Ackello-Ogut, Regional Coordinator Trade and Transport Analysis and Advocacy	Technoserve, Kenya
Mary Munene, Manager MSE Business Development	Technoserve, Kenya
Liz Mwara, Manager Knowledge Mgmt and Public Relations	Technoserve, Kenya
Firdos Chaudhary, Director Human Resources & Administration	Technoserve, Kenya

Julie Kariuki, MSE & Mobile Cart Advisor	Technoserve, Kenya
Pauline Mwangi, Business Advisor Agricultural Development Support Project	Technoserve, Kenya
Ade Freeman, Senior Economist	Internat'l Crops Research Institute for the Semi-Arid Tropics, Kenya
Sunita Kapila, Independent Consultant	Nairobi, Kenya
Executive Committee (Chairman, Patron, Secretary, Assistant Secretary, Partner, Honorary Secretary)	Nyala Milk Cooling Plant, Kenya
Management Committee (Chairman, Vice-Chairman, 3 Committee Members)	Siongiroi Milk Cooling Plant, Kenya
Amos, Plant Manager	Siongiroi Milk Cooling Plant
Transporter	Siongiroi Milk Cooling Plant
Hawker	Siongiroi Milk Cooling Plant
2 Loan Officers	Financial Services Association (partner of K-REP), Siongiroi
Owner and Trainer (microentrepreneur)	Business Development Service Provider, Siongiroi
Employee	Agricultural Supply Shop, Siongiroi
Owner (microentrepreneur)	Restaurant, Siongiroi
Owner (microentrepreneur)	Photocopy Shop, Siongiroi
Owner (microentrepreneur)	Hardware Store, Siongiroi
Grace Injiguna, Credit Officer	Kenya Agency for the Development of Enterprise and Technology (World Vision), El Doret, Kenya
Patrick and Ruth Gathitu, Owners (microentrepreneurs)	Etang Business Development Services, El Doret
Alube and Alice, Owners (microentrepreneurs)	Bakers Cottage Ltd., El Doret
Patrick Masibo, Extension Services Field Officer	Spin Knit Cooling Plant, El Doret
Elkana Kinyor, Plant Manager	Spin Knit Cooling Plant, El Doret
Dali Shah, Director of Procurement	Milk Collection Center, Nakuru, Kenya
Aleke Dondo, General Manager	K-REP, Nairobi, Kenya
Elizabeth Kuria, Owner and Manager (microentrepreneur)	Resource Awareness and Training Center (BDS Provider), Nairobi
Susan, Owner (microentrepreneur)	Vegetable Stand, Nairobi
Meg Brown, ABE Office	USAID, Kenya
George Mbate	USAID, Kenya
Kitiabi Kiti, Regional Trade Program Specialist / Advisor	USAID, Kenya
Greg Howell, Regional Private Sector Advisor	USAID, Kenya